FINANCIAL TIMES

Europe's Business Newspaper | FRIDAY NOVEMBER 18 1994 | D8523A

AT&T plans stake in flotation of Groupe Bull

AT&T, the US telecoms company, is seeking to participate in the privatisation of Groupe Bull, the loss-making French computer group.

The US group is proposing to ally with Quadral, the holding company which controls CSEE, the French electronics equipment concern, to take a joint stake of up to 40 per cent in Bull, according to sources in Paris. Quadral is expected to be the majority partner in a joint offer. Page 17

Governments blamed on jobs: Government barriers to competition rather than labour market rigidities explain why recent employment creation has been lower in the European Union than in the US and Japan, according to a study. Page 6

More deregulation urged in Germany: The German economy is set to grow by 3 per cent in 1995, but any sustained and export-led recovery must be coupled with more deregulation, liberalisation, and a more competitive cost structure, the panel of "five wise men" warned. Page 2

Hilton Hotels: Shares in the US hotel and casino group shot up $9⅝ to $67⅞ on the New York Stock Exchange – a gain of 17 per cent – after the company in effect put itself on the market for the second time in five years. Page 17

French plan for private pensions revived

French economy minister Edmond Alphandéry (left) sought to relaunch plans to encourage private pension funds, announcing that France's pension system should be reformed next year. "Conditions should be ripe for an initiative in 1995", Mr Alphandéry told members of the COB, France's stock market regulator. The development of capitalised pension funds is seen as an important means of reducing pressure on the existing "pay-as-you-go" system and curbing the French welfare deficit. Page 16

UK accused over block on takeovers: The European Commission has accused Britain's Conservative government of being over-interventionist in its defence of a controversial piece of legislation framed by the Labour administration in 1975 that allows the government to prevent foreign takeovers of UK manufacturers. Page 16

Hewlett-Packard: The share price of the computer and electronics company reached a 10-year high when it reported even stronger-than-expected fourth-quarter results. Earnings rose 60 per cent on a 23 per cent increase in revenues. Page 18

Building optimism in Japan: Japan's leading construction contractors reported sharp falls in profits for the six months to the end of September but said order books were starting to grow again for the first time in four years. Page 19

Hope on heart disease: The first strong evidence that cholesterol-lowering drugs reduce mortality and improve health in heart disease patients is published today. Page 4

US telecoms bill promised: US Senate Republican leaders are promising an all-out effort to pass new telecommunications legislation early next year after preliminary talks within two weeks. Page 7

Hopes rise of BCCI deal: Prospects for a settlement for creditors of the collapsed Bank of Credit and Commerce International rose markedly when dissident victims welcomed revised proposals from the liquidators involving a $1.8bn contribution from the government of Abu Dhabi. Page 16

Ericsson: The market was disappointed by results from the Swedish telecommunications group, despite a jump in pre-tax profits of 88 per cent in the first nine months to SKr3.49bn ($475m). Page 20

British Gas fired the first shot in the battle to retain its dominance of the UK's domestic gas market due to be opened for competition in 1998, announcing a price restructuring that will reward its best customers while recovering some of the costs of dealing with poor payers. Page 9

Moi promises end to corruption: President Daniel arap Moi of Kenya pledged to rid his country of the corruption that has in recent years been a significant factor in blocking new aid and investment. Page 4

Seven die in crossing crash: An ambulance driver and six patients were killed when an ambulance was crushed by a train at a level crossing in the southern Spanish province of Almería.

■ STOCK MARKET INDICES		
FT-SE 100:	3,127.5	(-19.0)
Yield	4.10	
FT-SE Eurotrack 100	1,359.69	(-8.0)
FT-SE-A All-Share	1,553.02	(-0.5%)
Nikkei	19,336.57	(+29.91)
New York lunchtime:		
Dow Jones Ind Ave	3,820.64	(-24.58)
S&P Composite	462.80	(-2.82)
■ US LUNCHTIME RATES		
Federal Funds:	5½%	
3-mo Treas Bills: Yld	5.409%	
Long Bond	92⅔	
Yield	8.153%	
■ LONDON MONEY		
3-mo Interbank	5⅞%	(6⅛%)
Liffe long gilt future:	Dec 101⅞	(Dec102⅛)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Jan)	$16.68	(16.56)
■ GOLD		
New York Comex (Dec)	$385.9	(386.8)
London	$386.40	(386.2)

■ STERLING		
New York lunchtime:		
$	1.575	
London:		
$	1.5742	(1.5713)
DM	2.4368	(2.4371)
FFr	8.372	(8.3695)
SFr	2.0477	(2.0502)
Y	154.58	(154.585)
£ Index	79.8	(79.7)
■ DOLLAR		
New York lunchtime:		
DM	1.54685	
FFr	5.3105	
SFr	1.29825	
Y	98.135	
London:		
DM	1.548	(1.551)
FFr	5.3183	(5.3265)
SFr	1.3008	(1.3048)
Y	98.145	(98.38)
$ Index	62.3	(62.4)
Tokyo close Y 98.24		

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv60.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira80	S. Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Estonia	EKr 20	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
Finland	FM14	Kuwait	Fils625	Poland	Zl38,000	Tunisia	Din1.500
France	FFr8.50	Lebanon	US$1.30	Portugal (m'land)	Es225	Turkey	L30000
Germany	DM3.60	Lux	LFr65			UAE	Dh12.00

Ireland in turmoil as premier quits

High Court president resigns hours after Reynolds steps down

By John Murray Brown in Dublin and David Owen in London

Ireland was pitched into a fresh political crisis last night as the prime minister, Mr Albert Reynolds and his Fianna Fail cabinet colleagues resigned, opening up the threat of a lengthy delay in forming a new administration. Their decision to quit was quickly followed by Mr Harry Whelehan, whose appointment this week as High Court president split the coalition.

Mr Whelehan's resignation introduced an unexpected twist to a day of high political drama in Dublin, raising the prospect that Mr Reynolds might try to reverse his resignation decision and try to hang on to the leadership of his party.

In his resignation speech, Mr Reynolds told the parliament: "You win some – and you lose some. But, above all, throughout my life I have been delighted to have been a risk-taker."

The prime minister's decision to step down has, for the moment, left Ireland in the hands of a caretaker government. With apparently little prospect of an early resolution to the crisis, there are growing doubts about the pace of talks between Dublin and London on the vital framework document for a constitutional settlement to Northern Ireland's political problems.

In London, Mr John Major, who was informed of Mr Reynolds's resignation during a morning cabinet meeting, wrote to thank him for his contribution to the peace process.

Downing Street said the prime minister was sorry that his "extremely good" working relationship with his former Irish counterpart was not going to continue. He intended to speak to Mr Reynolds before the end of the week.

■ Fatal Irish weakness.. Page 3
■ Adams seeks talks ....Page 8

But as Mr Gerry Adams, president of Sinn Féin, the political wing of the Irish Republican Army, used a visit to London to accuse Britain of dragging its feet on efforts to forge a lasting settlement in Ulster, senior UK ministers insisted that the peace process would continue.

Mr Douglas Hurd, the foreign secretary, told parliament the process did not "depend on any individual". The government would "press ahead" with exploratory talks with both Sinn Féin and loyalist representatives next month.

In an upbeat assessment of progress in recent weeks, Downing Street said the two governments were "close to agreement" on the joint framework document which would form the basis of future talks involving Ulster's main political parties.

By contrast Mr Adams appeared sceptical that such a document would be agreed. The process of trying to reach agreement had been going on "for months and months", he said. The Sinn Féin leader added that the UK government had not yet been in touch to make arrangements for next month's planned meeting.

But it is the prospect of a protracted search for a new Irish government – and possibly an early general election – that could dangerously delay the joint framework document.

In the confusion generated by the day's resignations, however, it was not clear that a general election would even be necessary. The political chaos was summed up by Mr Joe Costello, Labour MP for Dublin: "Nothing is ruled out and nothing is ruled in."

Fianna Fail had been due to convene a meeting of its parliamentary party tomorrow to elect a leader to succeed Mr Reynolds. But the Whelehan resignation interrupted the meeting, prompting speculation that Mr Reynolds may reconsider his decision to stand down as party leader.

The Irish president, Mrs Mary Robinson, gave parliament until Tuesday to form a new coalition, when it could vote in a new prime minister. If the search for a coalition proves unsuccessful, Mr Reynolds could seek more time for negotiations or call for the dissolution of parliament and go to the country.

Associated Press

Albert Reynolds says goodbye to Irish president Mary Robinson after his resignation yesterday in the wake of the collapse of his coalition

Monetary union 'still achievable for 1997'

By Peter Norman, Economics Editor

European economic and monetary union is "a definite possibility for 1997", the earliest date envisaged in the Maastricht Treaty, a senior European Commission official said yesterday.

Mr Giovanni Ravasio, the commission's director-general for economic and financial affairs, said many – perhaps most – European Union member states had the potential to meet the treaty's economic convergence criteria by the end of 1996.

In a London speech designed to encourage an early European Union move to stage three of Emu with its single currency and central bank, Mr Ravasio said Emu was "a feasible option for 1997" provided member states kept up efforts to consolidate their public finances.

Mr Ravasio admitted that many people had ruled out 1997 as a possible date for Emu after the currency turmoil of 1992 and 1993. But at a conference organised by the Federal Trust and Salomon Brothers International, he argued that EU countries were already well on the way to meeting Emu's tough conditions.

- On inflation, he said the treaty's criteria "would already be met today" because seven member states are expected to have inflation rates this year of no more than 1.5 percentage points higher than the best performing EU country.
- Most member states meet the criterion that their nominal long-term interest rates are no more than 2 percentage points higher than those of the best performing countries.
- At least half EU members have enjoyed relatively stable exchange rates since the crisis surrounding the French franc in August last year.
- Cutting budget deficits and debt to gross domestic product ratios constituted the "biggest

Continued on Page 16

Sony writes off $2.7bn from US film arm

By Michiyo Nakamoto in Tokyo and Alice Rawsthorn in London

Sony, the Japanese consumer electronics company, yesterday counted the cost of its controversial diversification into the Hollywood film industry by announcing that it was writing Y265bn ($2.7bn) off the value of its US movie subsidiary.

The write-off was the chief cause of Sony's decline in the first half of this year. It made a consolidated loss of Y279.9bn in the six months to September 30 against a pre-tax profit of Y56.6bn for the same period last year. Sony said that its core consumer electronics business and US music interests had fared well during the first half. However, it admitted that it would stay in the red with a pre-tax loss of Y205bn for the full financial year. Its shares fell in Tokyo and traded $3⅜ down in New York at $53⅜.

The Sony announcement, following last month's row between Matsushita, another Japanese electronics group, and the management of MCA, its US entertainment subsidiary, highlights the problems faced by the Japanese in adapting to the different culture of their Hollywood subsidiaries.

The Japanese "invasion" of Hollywood was contentious from the start. It began in 1989 when Sony paid $3.4bn for Columbia Pictures and Tristar Pictures, and formed Sony Pictures Entertainment. It continued in 1990 with Matsushita's $6.1bn acquisition of MCA. The Japanese, it was said, had "gone to Hollywood and been mugged".

Sony yesterday conceded that "in light of substantial investment" in SPE "the business has not provided adequate returns". It also said that "additional funding will be needed to attain acceptable levels of profitability".

Industry estimates suggest that Sony has invested $8bn in SPE (including the original $3.4bn offer price). Earlier this year it in effect lent Y70bn to SPE through its music subsidiary.

SPE fared relatively well in its first years. Its performance has since deteriorated, hitting a nadir with last year's Last Action Hero starring Arnold Schwarzenegger. The Sony studios were last month shaken by the resignation of chairman Mr Peter Guber.

The Sony group mustered a 4 per cent increase in overall turnover to Y1,837bn in the first half from Y1,767bn despite a 14 per cent fall in sales from its movie interests.

Sony incurred a Y50bn loss on its movie interests at the operating level, which covers abandoning some films in development and providing for a number of outstanding lawsuits.

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Hollywood romance dies, Page 17

Sale ends Botnar's link with car group

By Kevin Done, Motor Industry Correspondent

Automotive Financial Group Holdings, one of the biggest UK motor retailer groups, controlled by Mr Octav Botnar, has been sold to the Barclay brothers, the reclusive UK entrepreneurs, in a deal understood to be worth about £200m.($328m)

The deal, one of the biggest acquisitions ever made in the UK retail motor industry, marks the first entry into the sector of the Barclay twins, who have built a private fortune based on property, shipping and hotels, and who in 1992 bought The European newspaper from the wreckage of Robert Maxwell's business empire.

The purchase is understood to include all the retail motor network of Automotive and Financial Group (AFG), comprising more than 70 dealerships, as well as Automotive Financial Services, AFGH's finance division.

AFG is one of the biggest UK multifranchise dealer groups, representing some of the world's leading carmakers including Fiat, Citroën, Peugeot, Renault, Honda and Vauxhall (General Motors). At its peak it had as many as 180 dealerships and claimed to be the biggest motor retailer in Europe.

Mr David and Mr Frederick Barclay, identical twins who control their business empire from a base in Monaco, face the immediate task of winning backing for the takeover from these carmakers, of which at least one is understood to have been considering the withdrawal of its franchise from AFG because of dissatisfaction over its operating performance.

The AFGH group achieved an overall pre-tax profit of £11.05m in the financial year to the end of July 1993, but only thanks to a pre-tax profit of £27.8m achieved by Automotive Financial Services and a pre-tax profit of £4.6m from the group's property division. The AFG motor dealer operations plunged to a pre-tax loss of £21.2m.

AFG was forced to undertake a drastic restructuring in response to the loss of the Nissan importer/distributor franchise by its sister company Nissan UK in 1991.

The sale of the business to the Barclay brothers marks the effective withdrawal from the UK motor industry of Mr Octav Botnar, one of the sector's most controversial figures.

He has lived in Switzerland since January 1992, when a warrant was issued for his arrest by the Inland Revenue.

In his heyday in the late 1980s Mr Botnar, now 81, controlled one of the most lucrative privately-owned motor busi

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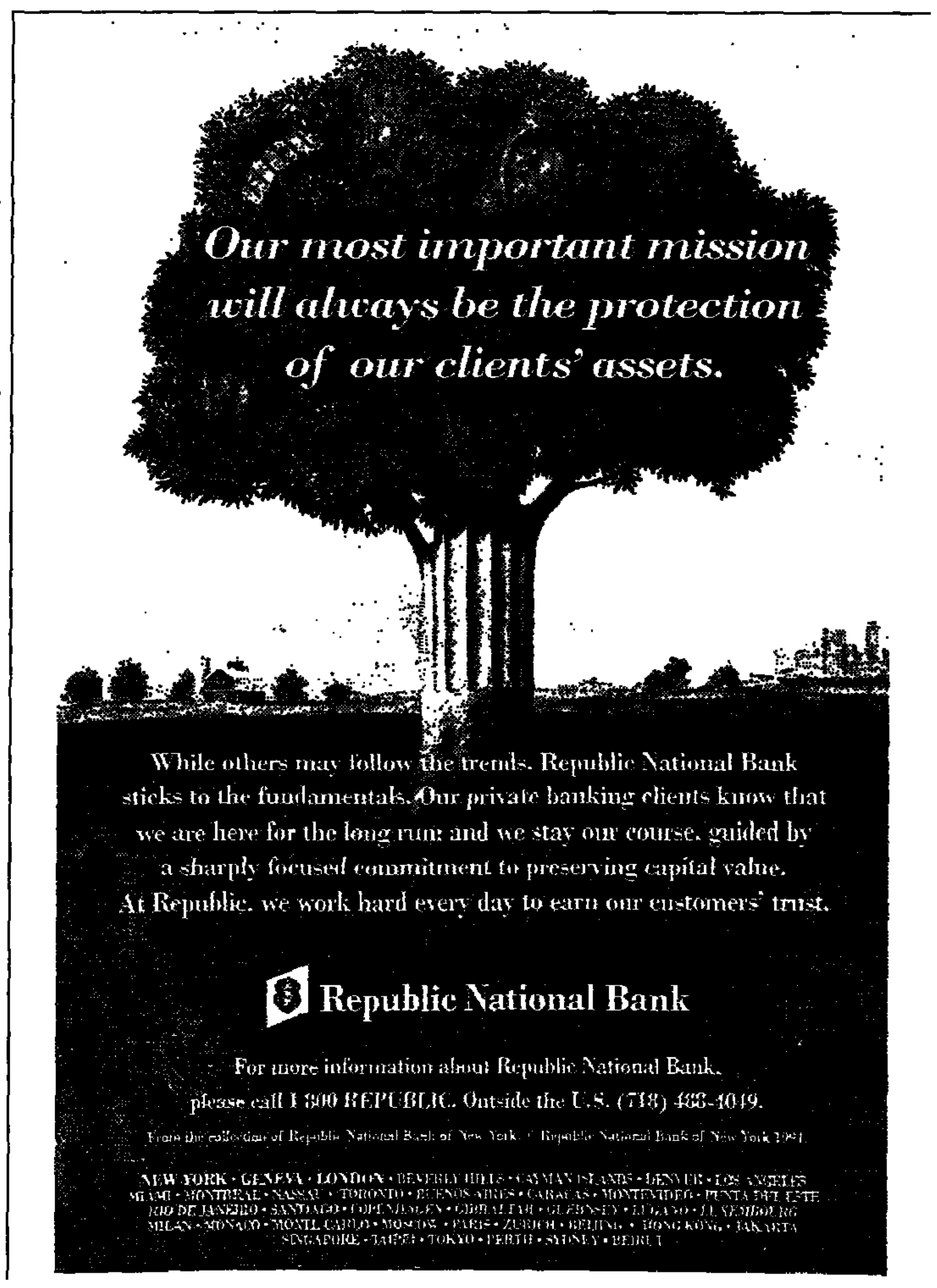

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NEWS: EUROPE

Swedish Yes vote boosts Norway's pro-EU campaign

The referendum on entry to the European Union in 10 days' time promises to be very close

By Hugh Carnegy and Karen Fossli in Oslo

Ms Anne Enger Lahnstein, the popular leader of Norway's anti-European Union campaign, makes light of the Swedish "slip-stream effect" on the referendum on Norwegian EU membership on November 28.

"I've heard that if Norway stays out, we will be left with Iceland, Liechtenstein and Lahnstein," the leader of the main opposition Centre party told a crowded rally in an Oslo suburb this week.

The embattled Yes camp is hoping that the Swedish vote last Sunday to join the EU will exert a strong pull, persuading many Norwegians to swing in favour of membership to avoid the risk of leaving the country isolated outside the Union.

This much-talked-about pull effect on Norway goes by the somewhat risqué term *Svenskesuget*, literally "Swedish suck".

Beneath the veneer of confidence and the jokes, however, there are now clear signs that the Norwegian No campaign, which has held a commanding lead in the opinion polls for the last two years, is nervous that the tide has indeed begun to turn since the Swedish vote.

In her appeal to 300 No supporters in the working-class district of Romsas, Ms Lahnstein acknowledged that the No campaign faced a tough battle. "We have to mobilise our forces. The Yes side has decided not to lose this time. It is going to be one hell of a fight," she said.

Since the Swedish vote on Sunday, the Yes campaign has advanced significantly in the opinion polls, gaining up to six points to narrow the gap to around 55-45, with one poll showing the Yes vote rising to as high as 48 per cent.

The No campaign, which fears loss of sovereignty and loss of control over Norway's oil and fishing resources in the EU, brings together the rurally-based Centre party, left-wing and environment groups, fishing communities and farmers.

It hopes that most of the "Swedish suck" effect has already played itself out. But the No campaigners recognise that the pro-EU forces, led by Prime Minister Gro Harlem Brundtland's Labour government, have saved most of their resources until after the Swedish vote and are now pounding home their message that Norway must not be left behind as both Sweden and Finland go into the EU.

"We don't take anything for granted," said Mr Hallvard Bakke, a dissident former Labour minister prominent in the No campaign. "They may still win."

The government and its allies in the Yes camp – which include the opposition Conservative party and the vast majority of Norway's business and industrial leaders – believe the EU debate is shifting at last onto the ground upon which they all along wanted to fight.

Instead of getting bogged down in detailed arguments about issues such as the effect of membership on Norway's influential fishing and farming sectors, increasingly the debate is focusing on Norway's political, strategic and economic role in Europe, and the potential loss of influence and investment it faces if it votes to stay outside – as it did in 1972 in an earlier referendum.

Mr Inge Lonning, leader of Norway's European Movement, says he believes many Norwegians are uncomfortable with the notion that the country – a founder member of Nato – might take a clear step away from its central role in European security issues just as neutral Sweden and Finland move towards European security co-operation.

"Our task in the last 10 days is to get people to understand the political consequences of a No vote - Norway will take over a somewhat neutral position while our Nordic neighbours will move the other way," he said.

In these 10 days, the Yes campaign will be dominated by senior government figures such as Mrs Brundtland attempting to use the authority of office to swing the many undecided voters – just as Mr Ingvar Carlsson, the Swedish prime minister, succeeded in doing in Sweden.

With the rural and remote northern areas clearly set to vote heavily No, the campaign will be won and lost – as it was in Sweden and Finland – in the urban areas and among the divided supporters of the Labour party, easily the country's biggest political movement.

Both Yes and No campaigns are pouring resources into the greater Oslo area, which has more than one third of the 4.3m population, and the other big cities of Bergen, Stavanger and Trondheim.

"Both sides are frantic now because they know it is going to be very close," said Mr John Harbo, one of Norway's most experienced political commentators.

An against-the-odds victory in the referendum may yet be possible for Mrs Brundtland. But agonisingly for her, a win on November 28 may not settle the issue. Ratification of membership requires a three-quarters parliamentary majority. If the vote is a narrow yes, the Centre party is likely to seek to block accession.

With 32 MPs of its own, the party could well gather enough support from leftist and other anti-EU members to win the 42 votes needed for a blocking minority.

"If we get a narrow Yes vote, the campaign is not over," said Mr Lonning. "We will face a tremendous fight to win in parliament."

Germany's five wise men urge deregulation

By Judy Dempsey in Bonn

The German economy is set to grow by 3 per cent in 1995, but any sustained and export-led recovery must be coupled with more deregulation, liberalisation, and a more competitive cost structure, the "Five Wise Men", an independent panel of experts and economists, warned yesterday.

In their annual report, the wise men estimate that pan-German gross domestic product will grow by 3 per cent in 1995, the same as the German government's forecasts but 0.5 per cent more than expected by the Organisation for European Co-operation and Development. The west German economy will grow by 2.5 per cent while in east Germany GDP will grow by 9 per cent. Recovery in the eastern states is coming from a very low base, having fallen by 30 per cent between 1990 and 1992.

The main engine for growth remains exports, which according to the wise men will increase by 5.5 per cent next year, a considerable increase from 1993, when exports fell 7 per cent. They suggest that unemployment, which will fall by 30,000 to 2.53m in west Germany and by 60,000 to 1.09m in the east, can only be tackled through reforming the wage and social benefit structure.

The wise men propose excluding those with few qualifications from certain wage negotiations in order to reduce companies' social welfare, unemployment and health payments. The savings could encourage employers to create more jobs. Already, some industries are negotiating wage rounds independently of unions to try to retain competitiveness and save jobs.

The report coincided with the appointment of a new cabinet by Chancellor Helmut Kohl. Mr Theo Waigel, the finance minister, Mr Günter Rexodt, the economics minister, and Mr Klaus Kinkel, the foreign minister, all retain their posts.

Claudia Nolte: minister for family, elderly, women and youth

Mr Kohl appointed Ms Claudia Nolte, 28, a former engineer, as minister for family, elderly, women and youth. These were formerly two separate ministries.

Ms Nolte, a catholic activist in the former east Germany, succeeds Ms Angela Merkel, another east German, who takes over the environment ministry, while Mr Klaus Töpfer moves to construction and housing. Mr Jürgen Rüttgers, 43, heads the newly merged ministries of research and development, and science and education.

EU sets deadline for telecom liberalisation

By Emma Tucker in Brussels

EU member states last night set a strict deadine of January 1, 1998 for completing the liberalisation of alternative telecommunications infrastructures.

At a meeting in Brussels, industry ministers from the 12 EU members and the four due to join at the beginning of next year agreed on the deadline by which alternative infrastructures such as cable TV, road, rail and energy networks must be opened up to competition.

But a further five-year delay to 2003 was granted to Spain, Portugal, Ireland and Greece.

The EU move will allow companies offering telecom services a much greater choice of network provider, and should lower prices within Europe's still highly regulated telecommunications sector.

The decision falls short of Commission ambitions to press ahead with liberalisation of infrastructures next year. A number of countries – Belgium, Portugal, Spain, Greece and Austria – were wary of moving so quickly, arguing that the necessary frameworks were not yet in place. The main advocates of swift liberalisation were the UK, the Netherlands, Germany and France.

Brussels has made rapid deregulation of telecoms a priority in the belief that competitiveness of European industry relies on efficient, cheap and advanced communications services, which currently lag behind what is on offer in the US and Japan.

Services other than basic voice telephony have already been liberalised. The problem is that in most member states, service providers are obliged to use the traditional, largely monopolistic, telephone networks.

Only in the UK are networks entirely liberalised, with service providers free to build their own if they desire.

The opening up of infrastructures to competition in 1998 will coincide with a shake-up of voice telephone services. Under a previous ministerial agreement, member states are not obliged to liberalise voice telephony before then.

Meanwhile, the competition commissioner, Mr Karel Van Miert, said he may try to speed up liberalisation by using special powers to open cable TV networks to competition before 1998. He has proposed that the Commission force governments to end restrictions on cable TV networks under Article 90 of the Rome Treaty, which allows the Commission to take action without a vote from ministers. This move is unpopular and it is not yet clear whether the Commission would support Mr Van Miert.

MEDECIN SANS FRONTIERES — MARTIN VEYRON

Jacques Médecin (left) says he is happy to be going back to France at the time of the Beaujolais Nouveau season. The official explains that wine (French slang for bribes) now comes in bottles rather than just mugs.

Infomatin, November 17

Nice keeps a place in its heart for Médecin

Andrew Jack on the return of the fugitive former mayor

Anyone walking into the shop-front office of the Moral Support Committee for Jacques Médecin in Nice might be forgiven for thinking they were in the headquarters of a political campaign rather than of a group lobbying for the liberty of the disgraced former mayor of France's fifth largest city.

A flashing pink neon sign outside, the "Free Jacques Médecin" banners and smiling photos on the walls and the phones answered by a team of volunteers belie an organisation supposedly created to uplift the spirits of the politician who returned from self-imposed exile yesterday.

After more than four years in Uruguay – and most of the last 12 months in a Montevideo jail – Mr Médecin had no choice but to return to Paris yesterday in compliance with an extradition order, on his way to interrogation in Grenoble. He comes back to a country sharply transformed in its attitude to, and exposure of, allegations of corruption ensnaring political parties, businesses and a growing network of individuals alike.

While Mr Médecin has already been tried and sentenced in his absence to a year's imprisonment, he also faces large tax bills and demands to repay more than FFr41m (£4.9m) to the city's treasury, his reputation in Nice is far from universally tarnished.

Mr Robert Bagat, who founded the Médecin support committee over the summer, confidently predicts that a welcoming convoy of 50 cars stuffed with flowers and fans will be heading to Grenoble this weekend.

The owner of a lighting shop, Mr Bagat says he started the committee because it was "unjustifiable" to incarcerate a Frenchman without trial in another country. He says he has collected some 15,000 signatures of support – albeit many from foreign visitors.

A second committee of local merchants has dubbed itself the "Liga Nissarda" and used the mayor's image to launch a range of publicity stunts in recent weeks. There is also a ready bandwagon of supporters – including Mr Médecin's first wife, daughter and sister – ready to speak up for him.

There are regular weekly meetings, a Radio Jacques Médecin provides regular updates on its subject, and his book, "An exemplary lynching", published in April, is turning into a local bestseller. Mr Médecin is threatening to cause plenty of trouble for his opponents, before running for office again in Nice - and even for the presidency.

His supporters argue that Mr Médecin had the misfortune to be among the earliest victims of the intensifying public campaign now gripping the country against allegations of corruption. They also claim he is the victim of a plot by Socialist rivals. His book is even subtitled "Mitterrand killed me".

The list of his alleged activities is impressive. The Cour des Comptes in Marseilles, which scrutinises public expenditure, has already issued judgments against him in connection with three "dossiers" involving the misuse of public funds totalling over FFr600m. "This is by a long way the champion case since the [second world] war," says Mr Alain Serieyx, the Cour's head.

The warrants from prosecutors in Nice and Grenoble that led to Mr Médecin's extradition charge him with corruption and improper receipt of funds in connection with several "para-municipal" organisations.

No surprise that the local Communist party demonstrated outside the city hall earlier this week calling for the courts to make an example of him.

The puzzling question for many observers north of the Mediterranean city is why there is not more such opposition to the former mayor. One explanation lies in his ambitious projects for the city: an art museum, a theatre complex, the Acropolis conference centre. "He made Nice," says Mr Bagat simply.

Like many politicians of the era, Mr Médecin has been able to claim credit for grand schemes at a time of relative economic prosperity (leaving the city with debts of FFr4.7bn) while evading responsibility during the more recent downturn. He was also able to benefit from considerable decentralisation of power and money that was government policy in the early 1980s.

Another clue comes in the old town of Nice. The narrow, winding streets and overhanging balconies, reminiscent of the Middle Ages, seem fitting for a city which treated Mr Médecin more as monarch than mayor.

He and his father Jean, after whom he renamed one of the main streets, ruled the city in an almost uninterrupted reign since 1928. "Jacquou" also brought glamour and charisma to the place. "If you spent half an hour with him you would be charmed," says Genevieve, his sister. His former wife, Claude, adds: "Nice was dynamic. Now it is sleeping."

UK and France to set up air defence unit

By David Buchan in Paris and Bruce Clark in London

Leaders of France and Britain are today expected to unveil a new planning unit to coordinate use of their air forces in peacekeeping missions.

Greater defence co-operation will be the main theme at today's one-day summit meeting in the city of Chartres between the two countries, which have otherwise found it hard to find much common ground on other issues of European integration.

Prime Minister John Major and several other UK ministers will be holding some six hours of talks with the French side, led by the ailing socialist President François Mitterrand, now in his last year of office, and by gaullist Prime Minister Edouard Balladur who shares many of Mr Major's views on European Union institutions, though not on most of the policies those institutions should carry out.

On defence, however, there is a communion of interest between France's ambition for a strong EU defence effort and the UK's desire to play a positive role in foreign and defence policy discussions in advance of the EU's 1996 constitutional conference that may pit London and Paris against each other on other issues.

Underscoring their countries' diplomatic partnership, Mr Alain Juppé, the French foreign minister, and Mr Douglas Hurd, the UK foreign secretary, will breakfast in Paris tomorrow with their Russian counterpart, Mr Andrei Kozyrev, to discuss the situation in Bosnia, following the US decision to drop out of enforcing the arms embargo.

The air planning unit will only initially involve about a total 10 officers from both air forces. But it is part of a broader defence dialogue which has involved contacts between French and UK rapid deployment forces, and a continuing discussion of nuclear doctrine between Europe's only two atomic weapon powers. The Anglo-French nuclear working group is not, however, tackling anything as far reaching or sensitive as joint nuclear submarine patrols or missile targeting.

On joint arms projects, France will be keen to press the UK to join it and other Europeans in building the Future Large Aircraft, a new troop transport designed to give European armies the capacity to project power overseas. UK ministers are still weighing whether to join the FLA project or to go the traditional route of buying Lockheed transport aircraft from the US again, and they will be keener to review progress on the trilateral Horizon frigate project with France and Italy.

Both France and the UK are ready to help African states with peacekeeping missions, and one idea is that France focus on better equipping and training two or three francophone African countries, and the UK do the same with some anglophone countries.

Reuter adds from Paris: While Britain, Washington's most faithful ally in Europe, did not join the Franco-German inspired European army corps, officials on both sides say close political and military co-operation in Bosnia and concern at a perceived US drift towards disengagement have brought Britain and France, western Europe's main military powers, closer together. "The British were up to now extremely reticent about European defence co-operation. Now it seems we can progress together," a French official said.

Editorial comment, Page 15

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EUROPEAN NEWS DIGEST

Milan court in bourse ruling

A Milan court has made the first ruling under Italy's three-year-old law banning insider trading. The court imposed a L20m ($13,000) fine and a four-month suspended jail sentence on Mr Giuseppe Gennari, a Tuscan financier, for manipulating the market. The rules against insider trading, passed in 1991, have been criticised as cumbersome and legalistic. But Consob, the Italian stock exchange watchdog which brought the case, hailed the judgment as a landmark ruling which would reassure small shareholders and international investors.

The development of Italy's comparatively small equity market was blighted in the late 1980s and early 1990s by a reputation for widespread insider trading. The law has not eradicated the problem altogether, but Mr Luigi Solimena, Consob's lawyer, said yesterday that the ruling should deter further attempts to undermine normal share trading.

Mr Gennari was accused of manipulating the stock market, rather than profiting directly from insider information. In February 1992, he announced that he had agreed to buy control of the troubled Banca Nazionale dell'Agricoltura for some L1,200bn, roughly double the market price. The news was almost immediately denied by Count Giovanni Auletta Armenise, whose stake Mr Gennari claimed to be buying. Consob was forced to suspend BNA shares and those of related quoted companies to avoid further confusion in the market. Mr Gennari's lawyers argued during the case that he made the announcement in good faith. *Andrew Hill, Milan*

Attack pressed on Bihac

Moslem rebel forces backed by Serbs yesterday pressed forward in the northwestern Bosnian enclave around the town of Bihac, with the United Nations threatening to call in air strikes if the town itself was attacked. Forces loyal to Mr Fikret Abdic, the renegade leader, were reported to be closing in on the UN-designated safe area, as Bosnian Serb forces came within 2km of the town. Meanwhile, two people were wounded in Sarajevo in a missile attack, prompting the UN to call in Nato fighters to buzz the capital.

"Any attack on the safe area of Bihac would inevitably result in the use of Nato air power," said Mr Paul Risley, UN spokesman. But a defiant Bosnian Serb commander General Manojlo Milovanovic promised to attack if the Bosnian fifth corps withdrew into the town. Mr Abdic's forces crossed into the Bihac pocket on Wednesday from Serb-held territory in Croatia in a push bolstered by Serb troops and heavy artillery from Krajina, their self-styled state in Croatia. *Laura Silber, Belgrade*

Setback for Russian budget

Russian government attempts to win approval for its austere 1995 budget were dented yesterday when Mr Mikhail Zadornov, parliamentary finance committee chairman, said the proposals were unacceptable in their present form. "The forecast and estimates... are not realistic," he said during parliamentary hearings. Voices have already been raised against the budget's severity, and the balance of support for radical reform within the government is itself unclear following the reshuffle of senior ministers.

Mr Yevgeny Yasin, the new economics minister, defended the budget, saying conditions were ripe for a new stage of reform, given that the decline in industrial production was bottoming out and the growth in savings provided the opportunity for investment. He stressed the government's commitment to producing economic stabilisation next year, predicting that inflation would fall from 270-280 per cent forecast for the current year to 70 per cent in 1995. He would also press for tax cuts for industry next year, presumably on the basis that a lowering of the rates may encourage greater compliance.

President Boris Yeltsin's controversial chief press aide, Mr Vyacheslav Kostikov, resigned yesterday at the president's request, saying his departure would be part of a broader shake-up of the presidential staff. *John Thornhill, Moscow*

Kiev cracks whip over Crimea

Urkaine's parliament took steps yesterday to compel the separatist Crimean peninsula to accept its rule. It rescinded a host of Crimean laws declared in violation of the Ukrainian constitution and backed the action with limited economic sanctions. This is the fourth ultimatum this year and follows the failure of Crimea's parliament to meet a deadline to comply with Ukrainian law. Despite calls to close the Crimean parliament and rescind the republic's autonomous status, voiced loudly by nationalists, the conservative Ukrainian parliament put off those decisions until later. The vote marks the latest volley in the dispute between Kiev and Crimea which has been raging since the Soviet Union's collapse left the predominantly Russian Black Sea region within Ukraine, to which it had been transferred in 1954. *Matthew Kaminski, Kiev*

ECONOMIC WATCH

Wholesale prices edge down

West German wholesale prices fell 0.3 per cent in October from September, but were up 3.7 per cent from a year earlier, the federal statistics office said. Figures for the previous month were rises of 0.1 per cent and 2.8 per cent respectively. Wholesale prices of fish products jumped 26.1 per cent in October from the previous month. Coffee extract prices rose 11.5 per cent, aluminium 6.4 per cent, organic chemicals and basic products 3.4 per cent, plastics 3.3 per cent and heavy heating oil 2.4 per cent. By contrast, the wholesale price of raw coffee fell 13.4 per cent, fresh fruit 12.3 per cent and fresh vegetables 9.9 per cent. *AFX*

■ Turkey's foreign trade deficit narrowed to $207m in September against $1.141bn a year earlier, according to official figures. For the first nine months, the deficit fell to $3,793bn from $10,440bn in the same period of 1993. The country's January-October consolidated budget deficit widened 9.8 per cent to TL74,600bn against the same period in 1993, Mr Ismet Attila, finance minister, said. Turkey's revised end-1994 deficit target is TL139,000bn.

Obituary - Magda Hamsher

Magda Hamsher, editorial office manager for the FT in Paris for almost 20 years until last July, died suddenly but peacefully at her home on November 15. She was born in Moravia and studied English and French literature at the Charles University in Prague. In 1948, she married an English journalist, Bill Hamsher, who was reporting the Communist takeover. After a brief stay in London, they were posted by the Daily Express to Berlin (where their three children were born) and then to Bonn, before settling in Paris.

After Bill's death, Magda was recruited by Bob Mauthner, then FT bureau chief in Paris, to run the office administration and build up the filing system. She was unfailingly cheerful, and always delighted when a useful source document could be swiftly traced, in spite of the reluctance of journalists to put anything back in its place. She was even more pleased when, with a diffident confidence, she was able to educate one of her colleagues on some point of French history or politics without reference to any source material. The Velvet Revolution in Prague in 1989 thrilled her. It also brought to Paris a childhood friend, Hugo Mensdorff-Pouilly, who brought a charming romance to the last five years of her life. She is survived by Hugo and her three children.

In a crisis it is a given that a minister will fall, writes **John Murray Brown**

Fatal weakness in the Irish body politic

As the scale of Ireland's political crisis this week began to sink in, Irish commentators were yesterday leafing through their files trying to make sense of the mess.

Was it really on a scale with the beef sales scandal, the 1990 presential election bugging affair or the 1970s Haughey arms scandal, as the newspapers suggested? Or is Ireland simply afflicted with an inability to make coalition government work?

To the outsider, the break-up of the third coalition in as many years is all the more surprising given what has been a commendable record on the economy, an apparently harmonious approach to difficult social policy reforms and a key breakthrough in Northern Ireland, where the outgoing prime minister, Mr Albert Reynolds, was largely instrumental in helping to secure an IRA ceasefire.

In the pandemonium that gripped the Dail, the Irish parliament, this week, there was something of an inevitability that the Chinese whispers wafting from the chamber would lead to the government's break-up.

As more and more emerged of the row that was sparked by Mr Reynolds' appointment of his attorney-general, Mr Harry Whelehan, as president of the High Court, a move bitterly criticised by his Labour party coalition partner, the question was not if but when it would happen.

What did it in the end was the resignation as deputy prime minister of Mr Dick Spring, the Labour party leader, on Wednesday. Mr Spring accused Mr Reynolds of misleading him and the Dail about the failure of Mr Whelehan's department to act for seven months on a request from British-ruled Northern Ireland for the extradition of a priest who was later convicted of child sex-abuse.

But it was more than that issue alone. With a population of 3.5m people, about that of a medium-sized European city, Ireland has politics with a special type of intimacy. The Charlies and Alberts who run the country's political parties are household names in a way quite different from much of Europe's politicians. Ireland also has a relatively small civil service. It is not so easy for a politician to hide behind his official, though Mr Reynold as a last resort, in perhaps his most tragic pose, did his best.

What is perhaps more important is that in the neighbouring UK for instance, a row like this would more than likely have been absorbed somewhere within the bureaucracy, by the creation of an inquiry or commission or by the removal of a minor official. In Ireland, when a crisis breaks, it seems almost a given that a government minister will fall.

Part of the problem lies with the character of the Fianna Fail leadership. For a country which almost continuously, for 40 years until 1973, knew only Fianna Fail-led majority governments, the experience of coalitions has been a fraught one. This was even more so for Fianna Fail itself, whose first ever coalition was in 1989. The imperatives of accommodation and compromise have been difficult to reconcile with Fianna Fail's corporatist can-do image and its back-room dealing.

The reasons go to the heart of its identity. For Fianna Fail is not so much a party as a political movement. The comparison often made is with Gaullism in France. Traditionally, the party has been a broad church, an alliance of interest groups, including business and labour, underpinned by a strong republican ideology.

Finance minister Bertie Ahern: looks like the favourite to succeed Mr Albert Reynolds as leader of Fianna Fail

But today, with the rural vote base eroded as people move off the land, so the electorate has become more difficult to please. The large number of parties in Ireland – with six of some size now represented in the Dail – underscores the breakdown of the old political loyalties and the dramatic social and demographic changes that have taken place in the last two decades.

Mr Reynolds is the last of the old school of Fianna Fail leaders. His successor – Mr Bertie Ahern, the finance minister, last night seemed the favourite to win if the parliamentary party's poll goes ahead on Saturday as planned – will be under increasing pressure to show that the party can live by its coalition undertakings.

Yesterday there was some bitterness in Fianna Fail circles that Mr Spring had openly schemed for the prime minister's downfall. Such is the breakdown in trust between Fianna Fail and the other parties that many of its MPs last night seemed prepared for a period in opposition.

Mr Reynolds had made clear to the house, in his defence on Tuesday, that "good government must be decisive". His error was not to have made the decision to appoint the attorney general, as he then argued, but to proceed without having brought Labour on board.

The facts are still a little hazy. Even at the last hour, as Mr Spring made clear, the government could have been saved.

In the end it was a morning telephone conversation with the new attorney general, which revealed that the prime minister had misled the Dail, which sealed the coalition's fate.

As P.J. Mara, a well-known voice in Irish politics and onetime adviser of Mr Haughey, said: "I'm deeply saddened. A generic sadness."

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Measures aim to open way for aid and investment

Kenyan president pledges to stamp out corruption

By Joel Kibazo

President Daniel arap Moi of Kenya yesterday pledged to rid his country of the corruption that has in recent years been a significant factor in blocking new aid and investment to his country.

Speaking at a London investment conference on Kenya, the president said liberalisation measures introduced by his government in the past 18 months would contribute to the reduction of corruption in Kenya. "Import and investment licensing procedures and foreign exchange controls which have now been abolished were some of the avenues for corrupt practices," he said.

The president pointed to the country's anti-corruption unit as evidence of his government's determination, and urged business people to refrain from bribing government officials or officers of rival companies.

"I would not be making this appeal if I did not think that the culture of bribery and kickbacks have been major sources of corruption," he said.

The conference is Kenya's first attempt in many years to attract foreign direct investment to the country and the president emphasised that the recent package of reforms designed to help win investment would not be rolled back. Long-term investors were the country's priority.

"We want investors who will strengthen our export capacity and capability. And we want investors who will assist us in making full use of our natural and human resources."

Mr Moi acknowledged that the downturn in the Kenyan economy had led to a decline in investment in the country's infrastructure, once considered among Africa's best, and indicated that the private sector would be invited to participate in schemes such as road-building. The government had also decided to invite the private sector to develop 50 per cent of the country's future thermal and geothermal electricity generation, in which the government planned to invest more than $1bn (£636m) over the next five years.

Political reforms of the past three years, including the introduction of a multi-party system, were also addressed and the president said he and his party were committed to the new system. But he warned: "The imposition of foreign political models without careful consideration could easily create upheavals in the African continent."

Turning to the international aid community ahead of next month's Paris Club meeting of aid donors, Mr Moi said: "We have done all they asked us to do. The ball is now in their court."

● Kenya's shilling plunged by 17.9 per cent against the US dollar yesterday in panic buying because of increased demand by exporters, commercial bank officials told Reuters.

They said commercial banks quoted the dollar at a mean rate of 48.75 shillings compared with an average of 41.35 shillings on Wednesday. "Basically, there is big demand from exporters towards the end of the year, as many of these want to make good their commitments," a bank dealer said.

Chinese soldiers tie up shoes bought at a closing-down sale in Nangfujing, Beijing's main shopping street – much of which is being demolished to make way for shopping complexes financed by Hong Kong developers AP

Drugs improve heart patients' prospects

By Clive Cookson, Science Editor

The first strong evidence that cholesterol-lowering drugs reduce mortality and improve health in heart disease patients is published today.

The five-year Scandinavian study followed 4,444 people who had suffered heart attacks or angina (chest pains). Half were treated with simvastatin, a medicine to reduce cholesterol levels in the blood, and half took dummy tablets.

There were 30 per cent fewer deaths overall and 42 per cent fewer deaths from cardiovascular (heart) disease among the treated group.

The trial was financed by Merck, the US drug company that makes simvastatin, but conducted independently by cardiologists in five Scandinavian countries. The results, presented at the American Heart Association annual meeting in Dallas, are published in The Lancet, a UK medical journal.

The study steering committee called it "the first and only clinical trial to demonstrate conclusively that long-term therapy with a cholesterol-lowering medicine substantially improves survival."

Prof John Kjekshus, the study chairman, said: "Over the next five years we expect these findings to have a tremendous impact on standard treatment for heart attack and angina patients. The message is very clear: if you have a heart attack, you have to reduce cholesterol. It is as important as quitting smoking."

Until now, many doctors have been reluctant to prescribe drugs to reduce cholesterol, a fatty substance that clogs up blood vessels, because there has been no proof that they extend life.

Other specialists who were not involved in the study agreed on its significance. "I think this is the trial that was necessary to convince the sceptics," said Dr Malcolm Law of St Bartholomew's Hospital, London. "It should change medical practice."

Professor Brian Pentecost, medical director of the British Heart Foundation, also called the study "very encouraging".

Merck is the world's leading manufacturer of cholesterol-lowering drugs. Its sales of simvastatin and lovastatin, a similar drug, amounted to $2.2bn (£1.3bn) last year and could rise substantially if more doctors prescribe them for heart patients.

Samsung accused of industrial espionage

Samsung Heavy Industries faced a storm of criticism yesterday after being accused of industrial espionage, allegations which may cost the company its entry into car-making, officials and analysts said, Reuter reports from Seoul.

The state-owned Korea Heavy Industries and Construction said it had lodged an industrial espionage complaint against Samsung Heavy, the shipbuilding and heavy equipment arm of Samsung Group.

A KHIC spokesman said his company lodged the complaint with local police in the south-eastern city of Changwon after a KHIC worker detected four Samsung engineers taking pictures of production facilities. He said the photographs showed that Samsung wanted information about the production, setting up and operation of Samsung's cranes.

In its rebuttal, Samsung Heavy said the crane in question was old and there was nothing valuable to know about it.

Analysts said the case could seriously damage the credibility Samsung has tried to build up in its efforts to win government approval for its plans to enter the car market. The company has for two years been trying to move into the highly competitive car market. "Samsung has so far been unable to explain how its car business will be good for the national economy," said an Economic Planning Board official.

Seoul's trade ministry said Samsung's entry to the car market might cause overproduction, as three big carmakers were already vying for a share of the crowded market.

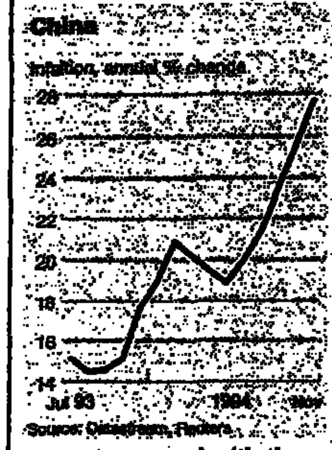
The company faced severe criticism from established carmakers when it was accused of attempting a hostile takeover of Kia Motors in October 1993.

Analysts said Samsung feared it was leaning too heavily on the service and light industrial sectors, compared with such rivals as the Hyundai Group and the Daewoo Group.

They said manufacturing accounted for less than half of Samsung's sales last year, while making up more than 90 per cent of Hyundai's sales and more than 85 per cent of Daewoo's sales.

INTERNATIONAL NEWS DIGEST

Chinese fail to rein in prices



China yesterday issued another urgent call for belt-tightening as inflation defied controls; the value of industrial output surged and the goal of cooling the booming economy receded out of sight. Consumer price inflation was a year-on-year 27.7 per cent in October, the State Statistical Bureau said in a report carried by the official Xinhua news agency. The consumer price index in October was 1.7 per cent higher than in September.

For a chosen group of 35 cities, the index rose by 24.8 per cent compared with the same month in 1993 and was 1.0 per cent higher than in September, indicating that urban price rises may be slowing.

China has adopted urgent measures to control inflation, including limiting new construction projects and squeezing credit, but has already said it will fail to hold price rises to its target of 10 per cent this year. Retail sales in October jumped by 37.4 per cent to Yn144.4bn (£10.3bn), the biggest monthly rise this year, the bureau said. The Finance Ministry directive, broadcast on state radio, ordered departments and state enterprises not to exceed wage and bonus limits before the end of the year and to curb what it called rapid growth in the spending of state funds on consumer items.

The value of industrial output in October rose 24.3 per cent on a year-on-year basis to Yn142.6bn or a 6 per cent increase compared with September when calculated on a daily basis, the statistics bureau said. *Reuter, Beijing*

Hong Kong airport land deal

Hong Kong cleared another hurdle yesterday in its quest for a comprehensive agreement with China on building a modern airport and railway. The Sino-British Land Commission agreed the terms by which the land occupied by the airport and its connecting railway will be vested in the two government corporations responsible for the project. The land will be released as part of the commission's annual land grants over the coming three years as the need for it arises. Sales of the land are expected to help finance the whole project to the tune of HK$20bn (£1.6bn).

The agreement comes ahead of deliberations today in the colony's Legislation Council on a government request for HK$23bn in funds for the project. The council is expected to support this request, which will clear the way for the Mass Transit Railway Corporation to award formally many works contracts it had only let provisionally. These are expected to total in excess of HK$15bn and will cover such items as rolling stock.

Britain and China have yet to agree the detailed terms by which the MTRC and the Provisional Airport Authority will be permitted to borrow a further HK$23bn of funds. The Hong Kong government hopes agreement can be reached by the end of the year. *Simon Holberton, Hong Kong*

Thai stance disappoints US

Mr Warren Christopher, US secretary of state, expressed disappointment yesterday that Thailand had denied a US request to position military equipment on ships in Thai waters but said he was sure other sites could be found. The US wants to keep weapons and vehicles ready in the region to be able to respond quickly to crises in the Middle East or Asia; such equipment could also be used for humanitarian purposes, Mr Christopher told a news conference.

He said he would not be surprised if the reason for President Saddam Hussein's recent withdrawal of Iraqi troops from the Kuwaiti border was the rapid arrival of US troops flown in to man equipment already positioned in the Gulf.

Mr Christopher yesterday met Mr Chuan Leekpai, the Thai prime minister, and the foreign and defence ministers. The government had previously decided that US arms stocks might endanger rather than promote peace.

Thailand has been a close US ally since the Vietnam war, and Mr Christopher said the strong security relationship continued. The US armed forces have conducted 35 joint exercises with the Thai military this year, more than with any other Asian country, and the US has access to Thai ports and airfields. *Victor Mallet, Bangkok*

Unita suspends truce talks

The Angolan rebel Unita movement yesterday suspended its participation in ceasefire talks with the Angolan government in the Zambian capital, Lusaka. "We suspended our participation in the meeting late this morning because... the truce has been violated," Unita chief negotiator and secretary-general Eugenio Manuvakola told reporters. Asked if the formal signing of a peace accord to end the 19-year Angolan civil war could go ahead as planned in Lusaka on Sunday, he replied: "Let us wait and see."

Unita earlier accused the government of violations of a truce which should have come into force on Wednesday to smooth the way for Sunday's signing by Unita leader Jonas Savimbi and Angolan President Jose Eduardo dos Santos. Mr Manuvakola said government troops had overrun the northern Angolan city of Uige yesterday morning. *Reuter, Lusaka*

Libyan exchange rate move

Libya has set a multiple exchange rate for the dinar one week after a devaluation, a senior official at Libya's Central Bank in Tripoli said yesterday. The official rate will remain calculated on the basis of one SDR for 0.525 Libyan dinar, while a new foreign exchange agency will sell the US dollar for 1.019 dinars, Mr Nouri Barioul, the official in charge of foreign exchange in the bank, told Reuters. He said the new rate would apply to private sector imports. *Reuter, Tunis*

Models courtesy of The LEGO Group.

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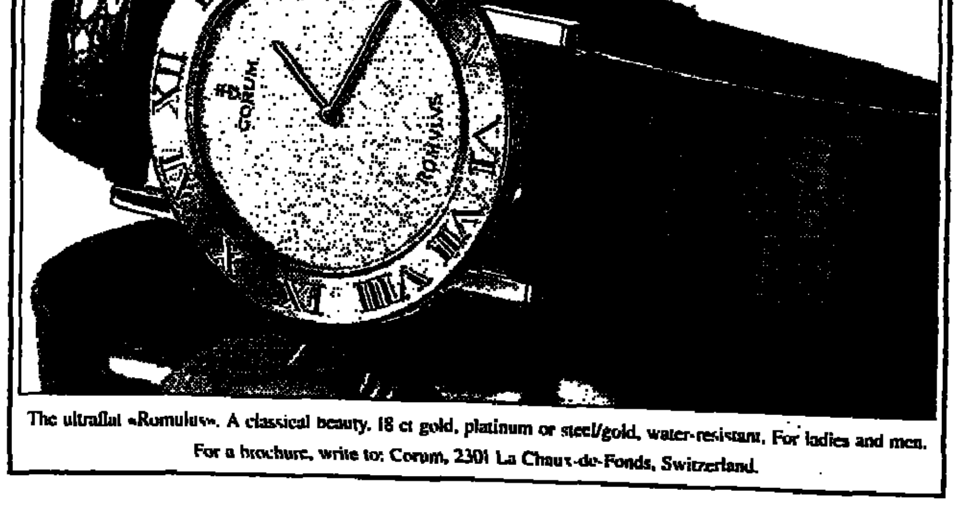

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NEWS: INTERNATIONAL

Saudi budget may have to reflect some harsh realities

There are hints of structural reform to deal with Riyadh's acute two-year-old cash flow problems, reports Mark Nicholson

Saudi Arabia's economic policymakers are busy preparing the annual January 1 budget statement, the kingdom's main public declaration of economic policy. It is traditionally rather a spare document – usually little more than a statement of intended government spending.

But this year's budget, if hints by senior Saudis prove correct, may contain somewhat more. They suggest it may include serious steps towards structural budgetary reforms to address the government's acute cash flow problems of the past two years.

"One should expect major decisions," said one official, without elaborating. "You will be surprised, we are realistic. We will face the situation, and it's going to be across the board."

The "situation" is the worst slump Saudi Arabia has faced since the oil price collapse of the mid-1980s and an unprecedented tightness in public coffers – the product of the $55bn bill for the Gulf war Desert Storm, subsequent costly military purchases, unhelpfully soft oil prices and the cumulative effects of a decade of high spending.

Saudi Arabia's 1993 budget deficit of around $12bn (£7.3bn) was its 11th in a row, and 10 per cent of GDP.

Such pressures, augmented by warnings from the International Monetary Fund, embarrassing reports in some western media about "bankrupt" Saudi Arabia and consequent speculative assaults on the riyal, led the government in last year's budget to announce a 19 per cent cut in state spending in 1994 to $46bn. Some economists believe this may still leave a $6bn gap, given best estimates of this year's oil earnings.

But they also believe the 19 per cent cuts may be met. Government departments all report slashed travel, frozen hiring, cut perks, abolished overtime and, most important, either cancelled projects or frozen payments for those to which they were committed.

The result, however, has been to extinguish economic growth. Bankers and economists believe the economy has shrunk this year by 2-5 per cent, the first GDP fall in nominal terms since the mid-1980s. Government non-payment of bills to private sector contractors is the chief reason, and one which is stretching to the limit both private companies and, in turn, the banks on which both government and private sectors rely for financing.

So far there have been few company failures, but this is largely because banks have extended bridging credit to their main clients. Most of the kingdom's 12 commercial banks are now increasing provisions and hoping for a revival of government payments. But between the increasing demands of private clients and the government's equal reliance on bank financing, bankers say the system is now at capacity.

Money supply and bank deposits are both down in recent months. And though Saudi British Bank this year pioneered a $280m floating rate note to help ease the government's pinch, and is believed to be considering a second, bankers say they have reached the crunch. "The banks can't deal with any more," says a Riyadh banker. "More than half the banks are over the official lending limit and the rest are right up against Sama's [the central bank's] prescribed loans to deposits ratio."

The government has made almost all its borrowings through the sale of treasury bills and development bonds to the commercial banks. Saudi Arabia's foreign debt amounts essentially to a post-Gulf war syndicated $4.5bn jumbo loan, which bankers say is being repaid. But domestic borrowing has accumulated at a pace which alarms the IMF and others. "In six years it has gone from zero to $84bn, which is 70 per cent of GDP," says a western economist. "That's quite a rise."

All of which points to the need for the "major decisions" hinted at for the January budget. And with sources of borrowing drier than ever, the government has apparently little option but to broaden its revenue base. One option, which King Fahd has mentioned twice in recent speeches, is privatisation of some of the state's assets. But while Saudi officials have canvassed preliminary information about managing state sell-offs from, among others, the British government, most observers believe privatisation to be some way off.

A sale of some of the government's 70 per cent holding in Sabic, the industrial holding company, is not ruled out. But Saudia, the heavily subsidised state airline, for instance, would require considerable and costly restructuring to make it attractive to buyers.

Another much discussed option would be to raise electricity, petrol, water or telephone charges, which are indulgently subsidised. Petrol, for example, is 5 cents a gallon. But this would be a brave step on to hugely sensitive political terrain. such a move would almost certainly excite opposition – not least from hardline Islamists who argue that the country's wealth should be enjoyed as a right by all.

They are also highly critical of what they see as royal profligacy, and would make political mileage out of attempts to tax Saudis while senior princes continue to build palaces. And they are not alone. Hard-pressed Saudi businessmen have also become unusually critical of royal spending, and royal economic management. "There's not been a year like it in terms of the openness of the grumbling," says a seasoned foreign Riyadh banker.

September's unrest in Burayda, when more than 100 demonstrators were arrested after the detention of a cleric who was critical of the royal family, will have given the government pause. Not least because the agricultural area around Burayda, while historically a sternly Islamic heartland, was also among the most affected by the government's main structural budgetary change to date – a swingeing cut in previously generous subsidies to wheat farmers.

How King Fahd weighs such factors in making the budget decision – for the ultimate decision will be his – is unknowable outside his close court. So is the true state of the kingdom's finances. Some observers believe oil earnings this year, for example, have been better than budgeted for last January. They point to IMF figures showing that reserves, minus gold, rose from an April low of $4.5bn to $8.4bn in July. King Fahd may therefore believe the government can muddle through another year, crossing fingers for an improvement in the oil price, without having to take awkward political decisions at all.

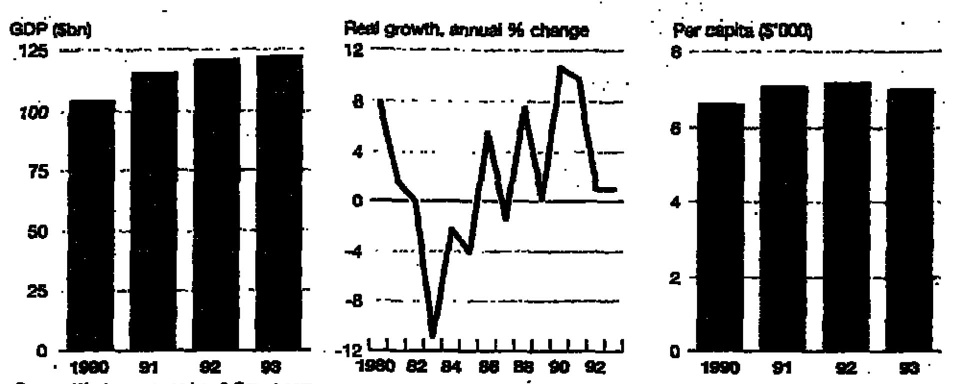
As one diplomat puts it: "There's almost a tradition here of putting off difficult decisions until there seems to be absolutely no other choice." Only on January 1, therefore, will anyone outside the royal court know quite how seriously the Saudi government believes its present economic difficulties really are.

Saudi Arabia will next week pay back part of a $4.5bn sovereign loan it took out in 1991 to help cover the costs of the Gulf war, bankers said yesterday, Reuter reports from Dubai. They said the payment was due on November 21 or 22, the third of five quarterly instalments of $900m each.

Bankers said the repayments were watched carefully as evidence of Saudi Arabia's financial health after reports in the west that Riyadh might try to delay payments.

The Saudi government made the first payment last May on its first-ever sovereign loan.

Saudi Arabia: GDP



Source: Western economists & Datastream

Pacific Dunlop share price hit by lawsuit fears

By Nikki Tait in Sydney

Shares in Pacific Dunlop, the Australian conglomerate, fell to a five-year low in heavy trading yesterday amid speculation that the company could face product liability suits over pacemakers made by one of its subsidiaries, Telectronics, and sold internationally.

Late in the afternoon, Pacific Dunlop put out a statement, saying that Telectronics had withdrawn three models of pacemakers leads, and that physicians who implanted these devices were monitoring patients. The company said the decision followed reports of lead failures "over recent years".

Mr Phillip Brass, managing director, said the leads first came on the market in 1987, while the group had become aware of problems "largely in the last three years".

Pacific Dunlop said seven failures had been reported in an implanted population of 42,000 recipients since December 1987. Of these seven failures, six were in the US, where two patients have died. One further failure was in Australia, where 1,169 leads of this type have been implanted.

The leads connect the pulse generator – which electronically stimulates the heart – to the heart tissue.

Pacific Dunlop noted that the leads had been approved by the US Food and Drug Administration and said it was still studying the problem. "Preliminary information indicates a fracture in an implanted lead can be identified by X-ray," it said, adding that four faulty leads had been identified in this way in Japan.

On the legal issue, Mr Brass said the group had received no product liability suits.

Telectronics has sales of around A$400m (£181m), a third of which come from the US, out a group total of A$7bn. Pacific Dunlop has been introducing a new generation of leads, but says these have yet to gain FDA approval, although other regulatory regimes have given a green light. The product withdrawal, therefore, has most effect on sales in the US, although pacemakers made by the company can still be implanted using alternative leads.

The statement came after the market closed. The shares fell 15 cents, after a 12-cent fall on Wednesday, to A$3.62.

NZ fraud probe into ex-auditor general

By Terry Hall in Wellington

New Zealand's Serious Fraud Office is investigating the financial affairs of the former auditor general, Mr Jeff Chapman – the country's top financial watchdog – after a highly critical report found he owed the Audit Office more than NZ$156,000 (£60,700).

Mr Chapman resigned two months ago citing personal financial difficulties. Mr Bruce McCallum, the government-appointed investigator, found that Mr Chapman had insufficient regard for the prudent expenditure of public money. Mr McCallum said that "as the government's own financial watchdog it was a pity that he did not follow his own advice".

The report said that much of the money owed to the department was due to overseas travel. Mr Chapman travelled first class and stayed at the best hotels and one trip alone cost NZ$101,000. He had also claimed NZ$14,000 in expenses and had cash advances of NZ$48,000.

Mr Chapman says he disputes two-thirds of the debt, as well as large parts of the report.

Mr Paul East, the government minister in charge of the Audit Office, said he was shocked and disappointed by the revelations which showed a "very unfortunate state of affairs". Mr East said that appointment procedures relating to senior civil servant positions would be reviewed.

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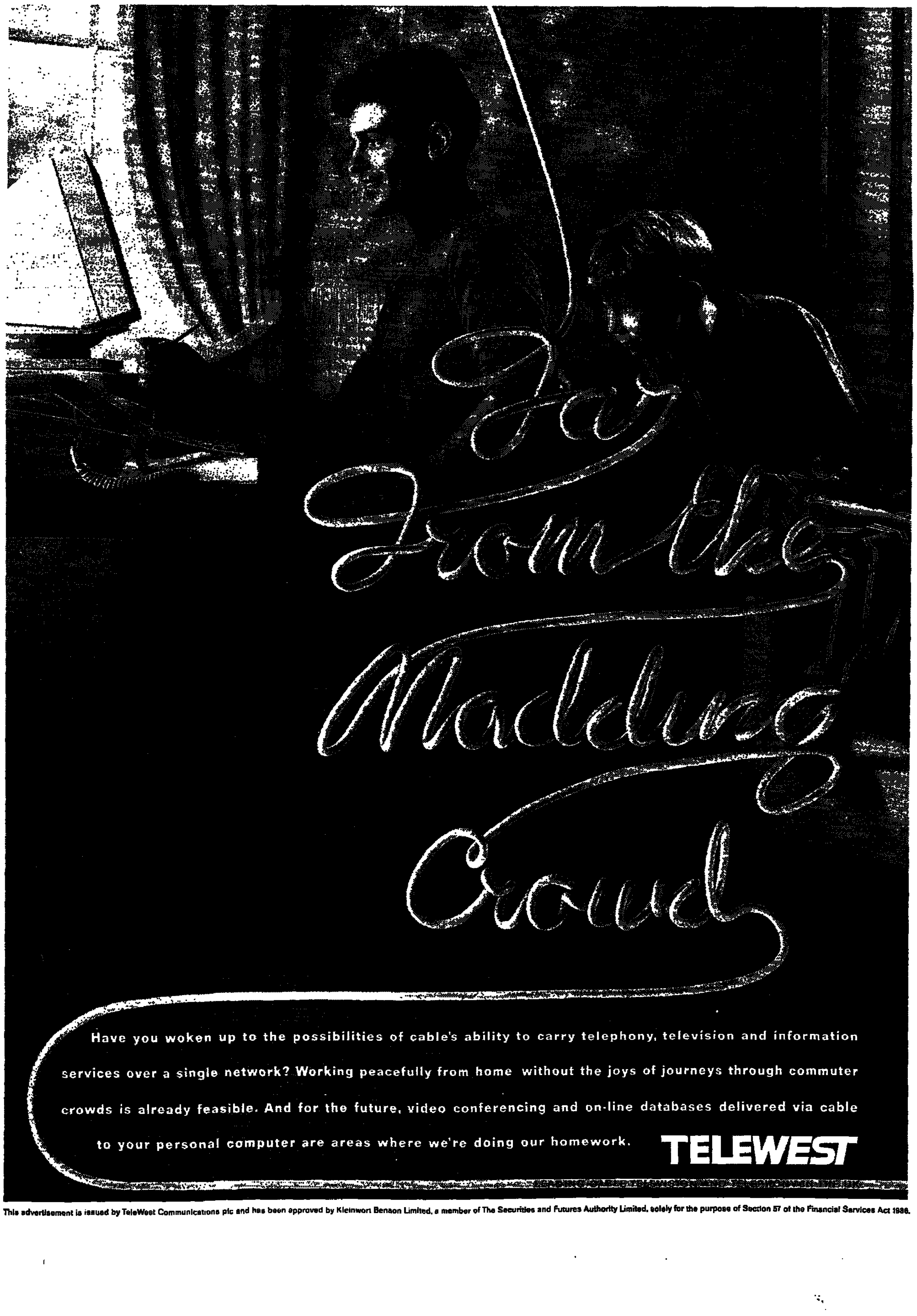

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Regulation blamed for stifling new EU jobs

By Robert Taylor, Employment Editor

Government barriers to competition rather than labour market rigidities explain why recent employment creation has been lower in the European Union than in the US and Japan, according to a study on comparative employment performance published today by McKinsey Global Institute, research arm of the leading international consultants.

The report asserts: "If European countries had matched the job creation performance of Japan and the US over the 1980s without suffering a productivity penalty, their gross domestic products would be 5 to 15 per cent higher and their unemployment problems would have gone away."

The study urges European policymakers to "abstain from regulations limiting competition even if they are intended to preserve jobs". Strengthening general anti-trust regulations and removing barriers to market access "are important instruments for increasing competitive intensity and overcoming vested interests".

The report examines employment performance in a number of industries, ranging from cars, computers, furniture and banking to film/video/tv and construction. It covers the US, Japan, France, Germany, Italy and Spain, and concludes "product market barriers play an important role in determining employment levels".

The report says restrictions in Europe have "inhibited the emergence of new labour-intensive segments" in the film/tv/video industry while in European construction "the myriad rules and regulations" of land use, building quality, safety, rent and taxes stifled the product market.

It adds that in Europe retail trade has been hit by "restrictive opening hours, excessive zoning restrictions and the veto power given existing retailers" thereby limiting the creation of new jobs.

The study also urges reform of Europe's labour market institutions, calling for stricter rules covering payment of unemployment benefit and social assistance and cuts in non-wage labour costs for part-time workers and the low paid.

McKinsey also questions a number of widely held assumptions about the alleged inflexibilities of the western European labour market. It suggests job protection regulations do not "play a major role" in creating rigidities.

The study notes: "While many employers complained about inflexibility in interviews, the evidence showed when companies were forced to react to dramatic changes in the market place, they were able to overcome these barriers. The transaction costs of hiring and firing play a relatively minor role compared to total labour costs."

McKinsey also found that while Europe "may lack the institutions that can provide temporary workers and in some cases there are restrictions on part-time work, this is not a binding constraint".

Employment performance, McKinsey Global Institute, Washington DC. Free.

Paris all at sea over shipyard subsidy deal

Withdrawing threat to scuttle OECD accord is proving difficult, writes **David Buchan**

The French government is trying to wriggle off the hook on which it impaled itself when it publicly threatening to torpedo the international agreement to ban direct subsidies to shipbuilders from 1996.

It will not be easy. Even before he formally opened his campaign for the presidency, Mr Jacques Chirac, the Gaullist leader, was fulminating at the accord, negotiated in the Organisation for Economic Co-operation and Development last July.

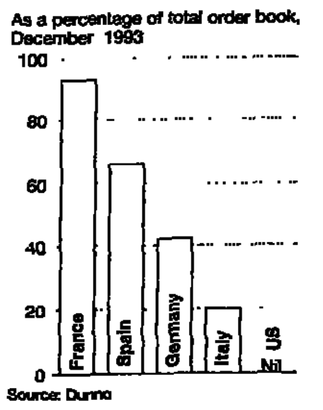
Mr Chirac dubbed it the "maritime Blair House", a reference to the preliminary transatlantic farm deal two years ago that was so hated in France. His presidential rival, the prime minister Mr Edouard Balladur, must therefore make any climb-down as discreet as possible.

In fact, unlike French complaints about the agricultural Blair House, the Balladur government has no real quarrel with the way the European Commission negotiated the OECD deal on behalf of the European Union twelve. It simply rues the fact that the previous Socialist government joined other EU governments in giving Brussels a negotiating mandate in the first place.

Instead of being able to use OECD consensus rules to stymie any ship subsidy ban at the outset, Paris now finds itself with a choice of submitting to the desire of all its 11 EU partners to ratify the accord, or blocking an international agreement that already carries the signatures of the US, Japan, South Korea, Finland, Norway and Sweden.

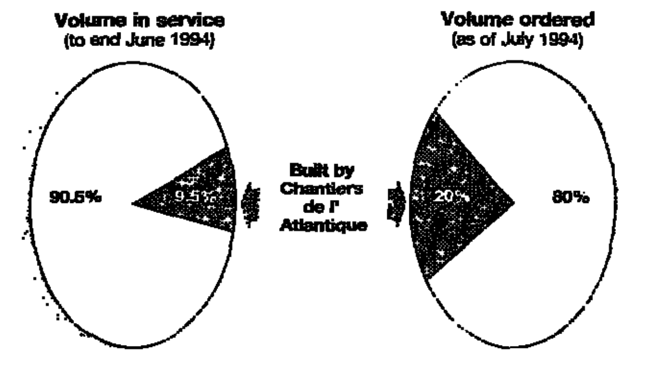
Shipyard orders for export

As a percentage of total order book, December 1993



Source: Dunno

World LNG carriers



Source: Chambre Syndicale de Constructeus Navales

The latter option puts Paris on a collision course with Bonn, which is keen to get the OECD deal ratified during its EU presidency, preferably by EU foreign ministers on November 28.

Paris is banking on Bonn's help in finding a formula to save face. It was US complaints against German subsidies that triggered the OECD negotiation, and Paris reckons it deserves to be reciprocated for agreeing to let Bonn give a special, temporary subsidy (equivalent to up to 36 per cent of turnover) to the Rostock yards in eastern Germany.

The main effect of the OECD deal would be to ban, from January 1 1966, direct subsidies which, in the EU, are allowed to be up to 9 per cent of a ship's cost. The Commission is now advising France to cease its fixation about the ban of this direct subsidy, and to make the most of permitted indirect aids. The OECD accord allows governments to pay up to 100 per cent of a yard's research costs and 25 to 35 per cent of its development costs, as well as some environmental and training aid.

But CSCN, the French shipbuilders' association, was yesterday unenthusiastic. "Shipyards on average only spend 1 per cent of turnover on research, and perhaps 2 per cent if you define research 'creatively' like the Japanese," said a CSCN official. "Even if the government pays for all of this, it wouldn't compensate for the disappearance of direct subsidies."

The OECD accord gives three other EU countries – Spain, Portugal and Belgium – longer to phase out direct subsidies, because they have agreed to new capacity reductions. But France refused any further formal restructuring, arguing in the words of Mr Fabrice Theobald, head of CSCN, that the industry "has so little capacity left to lose".

Over the past 18 years, employment in the sector has fallen from 25,000 to 4,800. Some 4,000 of these work at St. Nazaire for Chantiers de l'Atlantique (CAT), which is owned by GEC-Alsthom, the Franco-British joint venture. It has a new plan to boost productivity by 30 per cent over five years, but hopes to do this with minimal cuts in capacity or jobs.

Apart from CAT, French civil shipbuilding is composed of Constructions Mécaniques de Normandies at Cherbourg (which tried to save Swan Hunter in the UK from going under), Chantiers du Havre, and smaller operations at St Malo, Dieppe and Lorient. None of these locations – even St Nazaire, which has high unemployment – warrants regional aid, which other European yards are eligible for, certainly not on the scale of Rostock's.

Some of these companies get a few French naval contracts. But the vast bulk of that is reserved for the French navy's own huge DCN yards at Brest, Lorient and Toulon, which employ about 30,000 people.

The OECD accord allows governments to subsidise "home credit" to their own shipowners to the level they subsidise "export credit" to foreign buyers of their ships. But, with the French merchant fleet now only ranking 36th in the world, France complains it hardly has any shipowners left to take advantage of these "home credits".

French shipping is unquestionably in poor shape; the average age of the 210 French-flagged vessels has doubled to 15 years over the past decade. Compagnie Générale Maritime is pulling out of Asian and North Atlantic routes in an effort to cut its losses so that one day the government can realise its plan to privatise the shipping group. The private Bolloré group has also scaled down its shipping operations.

Of the 15 ships on order from French shipowners now, only four are to be from French yards. The mismatch between domestic supply and demand is the result, as Mr Theobald admits, of his industry's decision to sidestep cut-price competition from Japan, Korea and Poland in containers and bulk carriers, and to specialise in passenger liners, LNG gas carriers and ferries, where they only face Finland and Italy.

In one sense, this has paid off. CAT has in terms of orders 20 per cent of the world LNG market and, with the Royal Caribbean Cruise Line recently ordering a new 2,000 passenger cruiseship and placing an option on another, the St Nazaire yard has a similar share of world orders for passenger liners.

But the upshot of such specialisation is that French yards depend on exports for more than 90 per cent of their business, and have left themselves little home market to fall back on.

Hope dims for all-Americas trade bloc

Stephen Fidler, Nancy Dunne and Bernard Simon on plans for a wider Nafta

The US and its western hemisphere trading partners are struggling to chart the next stage in the economic integration of the Americas.

After the successful negotiation of the North American Free Trade Agreement between the US, Canada and Mexico, which came into force at the beginning of the year, hopes were high that the accord could be the first step towards a free trade zone across the hemisphere.

In the afterglow of Nafta's passage, the Clinton administration called a summit of western hemisphere heads of state. That summit, to which all the region's heads of state except Fidel Castro were invited, is due to take place in Miami on December 9 and 10.

Since last year, however, the prospects for hemispheric economic integration have receded, rather than advanced. While integration across *Latin* America has continued apace, the idea of the US being at the centre of a hemispheric free trade zone has suffered badly.

The Clinton administration lost its authority to push through trade agreements under "fast track" – without line-by-line scrutiny by Congress. With that receded prospects of a rapid accession to Nafta of Chile – the next country in line. Also buried was a proposal that would give for a period the countries of central America and the Caribbean "Nafta parity" – the equivalent access to the US market enjoyed by Mexico.

The losses for Mr Clinton's Democratic party in last week's mid-term congressional elections have further increased uncertainty about his administration's ability to carry through on its promises. And while a row over Haiti has been averted by the success so far of US intervention there, Latin countries will raise the contentious issue of the US embargo against Cuba.

All this has worried some participating governments. In a bid to ensure that a lack of progress towards hemispheric integration does not imply the process will go into reverse, Canada, Mexico and Chile have been pressing the US to come up with a coherent hemispheric strategy for the summit.

Chilean President Eduardo Frei said Chile would enter the North American Free Trade Agreement (Nafta) "sooner or later," Reuter reports from Tokyo. He also said the summit of the Americas in Florida next month would raise trade issues including Nafta. Foreign Minister Jose Miguel Insulza said he was "very optimistic" about talks aimed at bringing Chile into Nafta, but did not expect any significant advances until next year. Chilean officials have been in contact with Clinton administration officials about how and when to bring Chile, next in line to join Nafta, into the free-trade pact.

But Chile's move into the agreement was put on hold in September when the Clinton administration withdrew from Congress clauses which would give US negotiators "fast-track" powers to implement bills without amendment.

Chile became the 18th member of the Asia-Pacific Economic Co-operation (Apec) in Indonesia this week. President Frei and US President Bill Clinton met for talks including trade issues at the Apec forum. "The Apec includes the members of the Nafta, such as the US, Canada and Mexico. This means that Nafta is a part of the Apec at the same time," Mr Frei said.

See Feature: Different aims, common cause

Some governments now think the summit may do something useful, after all. Mr Eduardo Aninat, Chile's minister of finance, said last week: "Three months ago, we saw the summit as having a very unchallenging agenda. It's OK to talk about good government, corruption and drugs and that kind of thing – but trade had to be part of the talks. Otherwise, we would not have needed all those presidents and ministers there. Now, we think there might be an interesting discussion."

He said he saw two possible concrete developments emerging from the summit:

● A survey of existing trade and integration arrangements in the hemisphere to bring out what tariff and other rules apply. This would be a first step to ensure that current free trade arrangements do not place obstacles in the path of future economic integration.

● A timetable for action that would "at the very least" freeze existing tariff and non-tariff barriers within the region.

The patchwork of free trade agreements and customs unions that has been established in the region has been a source of worry for some trade experts. They are concerned that rules of origin and other arrangements in some free trade accords would be incompatible with others. They are also worried that the proliferation of bilateral free trade accords could hinder broader economic integration.

These concerns are reflected in a joint paper from three pan-American organisations – the Organisation of American States, the InterAmerican Development Bank and the UN Commission for Latin America and the Caribbean – prepared for the summit. Moving towards free trade in the hemisphere through bilateral accords "has several inherent limitations which make it less viable and less active than a multilateral route". Using Nafta as a basis for a multilateral approach, it says, would be a "strong option".

This is the route favoured by Canada's Liberal government. A year ago, it was dithering over whether or not to ratify Nafta. Now it views Nafta enlargement as a centrepiece of foreign policy. Ottawa is nervous of losing what limited influence it has, should the US cut bilateral deals with its Latin American trading partners. Some work – such as harmonisation of trade statistics – is already under way to smooth the way for Chile's entry into Nafta.

"We're trying to make it as easy as possible for Nafta accession to go ahead should the US decide to do the right thing," says one Canadian official.

The joint paper suggests the summit set a target date – for example, the year 2000 – to complete formal multilateral negotiations on a hemispheric free trade zone.

It proposes a commitment to annual ministerial meetings to establish principles to underpin the negotiations and to avoid the creation of obstacles against hemispheric integration. It says an existing group – the OAS special committee on trade – should act as the forum for these meetings, thereby avoiding the premature establishment of an institution which may not be the most appropriate in the long-term.

It also suggests more support, in particular from the IADB, for investments linked to integration and trade, such as regional infrastructure projects. Priority finance could be given to those groupings following principles laid down by the OAS committee.

Mr Jeffrey Garten, the Commerce Department undersecretary for international trade, says the US would like the summit to endorse free trade in the hemisphere and adopt "concrete measures" to move towards that goal. However, the process will not be rapid. He acknowledges that "our goals cannot be achieved in one year, or even five" but says "the momentum towards trade expansion should be bolstered and accelerated".

Uruguay Round 'could benefit all'

By Nancy Dunne in Washington

Market liberalisation agreed in the Uruguay Round could benefit all countries and reduce trade conflicts and protectionism, according to a report issued yesterday by the International Monetary Fund.

"Given the fairly long implementation period, any transition costs are likely to be felt gradually, providing time to exploit the opportunities opened up by the Round," the report says. However, developing countries could suffer from two costs of transition: the decline of benefits from preference schemes, under which industrialised countries allow specified imports with little or no duties, and also higher food costs.

The IMF says preliminary analyses suggest that erosion of preference margins is small. The main beneficiaries have been the more advanced developing countries, which have more to gain from tariff cuts and liberalisation of agricultural, textile and apparel trade. However, some countries (notably in North Africa and the Caribbean), which rely overwhelming on preferences on industrial products, could be adversely affected. Although developing countries which import much of their food might be hurt by higher prices, farm sectors in other countries could thrive as world market distortions are reduced.

Countries protecting their farmers may simply replace their quotas with prohibitive tariffs, the report notes, and anti-dumping measures could still be used for protection.

Still the achievements in market liberalisation, strengthening of rules and institutions and extension of discipline to new areas will be far reaching, the report said. "Equally important, it has created an environment conducive for tackling future challenges in trade policy."

WORLD TRADE NEWS DIGEST

US scales down Thailand watch

The US will remove Thailand from its "priority watch list" of countries threatened with US trade sanctions for violating intellectual property rights, following the recent passage through parliament of Thailand's new copyright law, Mr Warren Christopher, US secretary of state, said yesterday. Thailand will be moved to the less rigorous "watch list" under the terms of US trade legislation known as "Special 301", according to senior US officials.

"We will continue to keep a close eye on Thailand's protection of intellectual property rights," Mr Christopher told reporters in Bangkok. "Improved protection of these rights could prevent the loss of over $150m in annual income to US firms." Pirated computer software, videos and music cassettes are easily obtainable in Bangkok, but the new Thai law extends copyright protection to software and provides for jail terms of up to four years and fines of up to Bt800,000 ($32,000). Mr Christopher also said the Thai government had agreed to open its market for the first time to American citrus products.

● Thailand will offer export insurance facilities starting on November 23 to boost the competitiveness of the country's exporters. *Victor Mallet, Bangkok*

5 groups bid for Israeli tunnel

Five groups of Israeli and international companies have been selected for the final stage of an international tender to construct a $150m highway tunnel and toll road near the Israeli city of Haifa. The Haifa or "Carmel" tunnel, expected to be completed by the year 2000, is the first infrastructure project in Israel to be submitted to international tender and the first in which all stages of production will be carried out by private contractors.

The highway will be the first toll road in Israel and if successful the project could pave the way for the private sector into a vast array of infrastructure projects in transport, water and communications. The groups picked for the 5km Carmel tunnel are international companies specialising in tunnelling and electronic traffic control systems to operate toll roads. Among companies included in the groups are Astaldi of Italy, Fougerolle International of France, Dragados Construcciones of Spain, Autostrade of Italy, Parsons Brinckerhoff of the US, Abay TS of France and LK Comstock, a US subsidiary of Spie Batignoles of France. *Julian Ozanne, Jerusalem*

Deals for UK mission in India

The UK's biggest-ever trade mission – a week-long tour to four cities in India – notched up further successes yesterday when two small UK companies signed distribution and technical agreements with Indian concerns. The mission, led by Mr Richard Needham, the trade minister (pictured left), aims to win deals in the fast growing Indian infrastructure market and help smaller UK companies secure business. Speaking in Bombay, Mr Needham pointed to the success of Checkpoint Security Services, a small Reading-based company, which has signed an agreement with Bradman of India enabling distribution throughout India of its cheque security products.

Mr Needham said this showed it was not only big companies which could success in overseas markets. "I would encourage the small- and medium-sized companies to explore the Indian market," he said. Another company, Uxbridge-based High Value Horticulture, secured three tie-ups with Indian companies to supply technical knowhow, expert advice and specialist planting material for food processing and horticulture. *Andrew Baxter, London*

Airbus to freeze part prices

Airbus Industrie said it would freeze the price of spare parts for its aircraft at current 1994 prices for orders next year. The statement follows recent reports that US rivals Boeing and McDonnell Douglas are close to landing big aircraft orders in the competitive world jet market. More than 80 per cent of Airbus's suppliers have joined the price freeze, which covers parts for early Airbus aircraft as well as those in current production. Airbus has spares centres in Hamburg, Singapore and Washington DC which together stock $750m of parts. It is opening a centre in Beijing. The Airbus consortium comprises Aérospatiale, British Aerospace, Dasa of Germany and Casa of Spain. *Reuter, Paris*

Contracts and ventures

■ Fuller Engineering, the American half of Danish FLS Industries' cement technology and equipment group, has won a contract to supply a Dkr500m ($83m) cement plant to Indonesia, which will increase Indonesia's cement making capacity by 25 per cent when it comes on stream in the second quarter of 1997. The 7,800 tonnes a day plant was ordered by P T Semen Gresik for construction at Tuban, East Java, where Fuller has already supplied a plant with output capacity of 7,500 tonnes a day. The new order is accompanied by a memorandum of understanding for the supply of a third plant at Tuban, for which it is expected that negotiations will be completed in the first half of next year, said FLS Industries. *Hilary Barnes in Copenhagen*

■ Northern Telecom of Canada has received an $11m order for a digital switching system from the Chongqing Telecommunications Bureau. The system will serve nine districts in the city area, providing over 100,000 telephone lines. *AFX, Hong Kong*

■ IBM and Russia's Stolichny Bank have signed an agreement to deliver and install 2,000 automatic cash dispensers. Full financial details were not available but IBM said it would organise a credit to finance the first stage. *Reuter, Moscow*

■ China and Boeing of the US have flown a Boeing-757 aircraft into the world's highest airport and may start regular services. The Civil Aviation Administration of China is co-operating with Boeing to open flights to Bamda airport in eastern Tibet. *Reuter, Beijing*

■ BASF of Germany is planning a joint venture with Nippon Soda and Mitsui to develop, produce and market plant protection products. It will also market and produce the herbicide Poast, developed by Nippon Soda. BASF already markets it in North and South America. The venture hopes for annual sales of over $100m. *AFX, Ludwigshafen*

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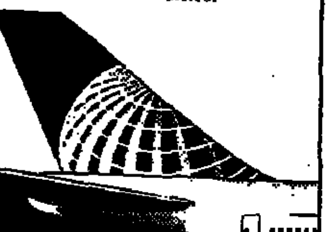

Continental Airlines

NEWS: THE AMERICAS

Republicans promise new telecoms bill

By George Graham in Washington

Senate Republican leaders are promising an all-out effort to pass new telecommunications legislation early next year.

Sen Larry Pressler of South Dakota, who will take over as chairman of the Senate commerce committee when the new Congress meets in January, said he plans to meet other Republican senators, including Sen Robert Dole, the party's leader, to sketch out ideas for a telecommunications bill in the next two weeks. "If we don't pass the bill next year I don't think it's going to happen in the election year," he warned.

Telecommunications legislation passed the House of Representatives this year. Although a similar bill was agreed by the Senate commerce committee, it never made it to the Senate floor, largely because of objections from Mr Dole.

Companies in the telephone and broadcasting industries are increasingly anxious to have a new set of rules to replace the 60-year-old law which has been overtaken by technological and competitive changes.

"There seems to be unanimous agreement that if we could agree on a bill and get the rules set, everybody would be better off," Mr Pressler said.

The thrust both of this year's House bill and of the bill produced by Sen. Ernest Hollings, the South Carolina Democrat from whom Mr Pressler will take over the committee chairmanship, was to let cable companies, local telephone companies and long-distance telephone companies enter each other's markets, though the different versions differed on how quickly this should happen in each sector.

The activities of the Baby Bells, the regional telephone giants which have a near regional monopolies on local telephone service, are now restricted under terms of the court order which created them 10 years ago by breaking up the original AT&T monopoly.

Mr Pressler said he expected to produce a bill somewhere between the Hollings bill and the alternative proposed by Mr Dole, which leaned closer to the Bells' position.

Housing activity declines in US

By George Graham in Washington

Home building activity fell in the US last month, the Commerce Department reported yesterday, showing that rising interest rates were starting to damp the housing market even before this week's Federal Reserve decision to raise short-term rates by ¾ of a percentage point.

Privately owned housing starts fell to a seasonally adjusted annual rate of 1.42m in October, the Commerce Department said, 5 per cent below September's revised rate of 1.5m and only fractionally above the rate in October last year.

The drop was created by a 7 per cent fall in the number of single family homes started to an annual rate of 1.14m in October.

The number of new building permits issued also fell to a seasonally adjusted annual rate of 1.4m, 2 per cent lower than in September but still 8 per cent higher than in October a year ago.

Pugnacious Newt takes a new tack

Bomb-thrower of far right seeks to become a leader, says Jurek Martin

If as Erich Segal once wrote, "love means never having to say you're sorry", then Mr Newt Gingrich has never known true romance. The evidence is that once or twice over the last week he has been caught apologising for being a bit too rude to the President and First Lady.


Gingrich complaining about negative stories written about him

The speaker-presumptive of the US House of Representatives has even apologised for himself, of whom he was always reckoned to be extraordinarily fond. He told a prime time television audience: "The truth is occasionally I'm not very smart... I probably need to be 30 per cent less pugnacious and 50 per cent less negative."

Indeed, his first week since the Republican electoral landslide may be seen as a remarkable voyage of discovery for the nation's capital. The great game is to ascertain if the bomb-thrower of the far right has been transformed into a new kind of leader capable of doing business not only with the Democrat in the White House but with those in his own party less persuaded by his own ideological convictions.

The new emollient Gingrich has struck a few chords – one even from across the Pacific. In Jakarta, President Bill Clinton shocked his dwindling liberal constituency by suggesting that the next speaker might have a point in wanting the reintroduction of voluntary prayer in state schools, proscribed by the US Supreme Court in 1962 as a violation of the constitutional separation of church and state.

Back home, the White House scurried about to clarify that Mr Clinton was not supporting Mr Gingrich's modus operandi – a constitutional amendment – but rather saw nothing wrong in time set aside for "quiet reflection" in schools. But the president also agreed to sit down to a policy summit with the new Republican leadership early next month, if not before.

In assigning committee chairmanships in the next Congress, Mr Gingrich also showed a willingness to forgive and possibly forget. Most conspicuous was his support of Congressman Gerald Solomon of New York to run the rules committee. Mr Solomon is certainly conservative enough but once had the temerity to challenge Mr Gingrich for the position of minority whip, an offence considered tantamount to lèse majesté in the old Gingrich handbook.

He also had no problems with the selection of Congressman Benjamin Gilman, another New Yorker, to head the foreign affairs committee. He is a leading party moderate who promises to offer a counterweight to Senator Jesse Helms's right-wing stewardship of the counterpart Senate panel.

Unlike Mr Helms, who threatened in a letter to Mr Clinton to create all sorts of trouble on foreign policy if a vote on the Gatt treaty were not postponed until next year, Mr Gingrich also renewed his promise to work for approval later this month.

Finally, the next speaker said he would make his House a more humane and "family friendly" place in which to work. Democratic staffers on Capitol Hill, facing job losses running into many hundreds, construed this as meaning they would be spending more time with their families, though his proposed abolition of three standing committees – on the merchant marine, the post office and civil service and the District of Columbia – will certainly cut down on the workload.

On the other hand, in speeches and interviews beyond number, the Gingrich message was as much one of no compromise as it was of co-operation. Regardless of what the Republican Senate does next year, the "Contract with America" manifesto promising less government, lower taxes and more prisons will be on the House agenda from the very beginning. It will even be read out loud at the start of each daily session.

Mr Gingrich described his mandate with these blunt and familiar words: "There's been an enormous effort in the Washington elite to avoid the reality that this election was actually about some fairly big ideas... those who argued for counterculture values, bigger government, redistributionist economics and bureaucracies were on the losing end in virtually every part of the country."

An important part of this "elite" is, of course, what Mr Gingrich has long seen as a pernicious "liberal" media, and it has to be reported that the course of true love between the next speaker and the press is already running no more smoothly than it has done with the current president.

Of many assaults from the left, Anna Quindlen's in the New York Times was merely the most pointed in writing of his "not-like-us ethos [that] makes so much bigotry possible". Even the non-doctrinal David Broder of the Washington Post contrasted his "arresting, powerful ideas" with "the demons he seemingly cannot control".

Mr Gingrich is thin-skinned enough to have banned from his office reporters from the Atlanta Journal Constitution, his home-town newspaper, after it ran a cartoon recalling the circumstances of the break-up of his first marriage. As Mr Clinton knows only too well, even ancient and personal history is no longer off-limits for those in power.

Even those long forgotten can still bite back. No sooner had Mr Gingrich assailed the Clintons as "counterculture McGoverniks" than ex-Senator George McGovern himself, the failed presidential candidate of 1972 and more recently New England hotel-keeper, was back in print professing "nothing but disdain towards this unscrupulous demagogue". This is one love affair never to be consummated.

Handful of mid-term poll results undecided

By Jurek Martin in Washington

A handful of results from last week's mid-term elections remained undecided yesterday, making the final size of the Republican majority in the House of Representatives still in doubt.

But Mr Parris Glendening, the Democrat, finally felt secure enough to announce his transition team as governor-elect of Maryland. With only 1,400 absentee ballots to be counted, his lead of 5,405 votes seemed unassailable, although Mrs Ellen Sauerbrey, the Republican, still refused to concede defeat and was alleging unspecified voting irregularities.

In California, Congressman Michael Huffington, the Republican, also had not conceded to Senator Dianne Feinstein, though her lead had widened to nearly 138,000 votes with just over 500,000 still to be counted.

The outcome of one House race, in Connecticut, seems certain to be decided either in the courts or in the House itself. The final tally gave Congressman Sam Gejdenson, the Democrat, a four-vote lead, double the first count, over Mr Edward Munster, but state officials refused to certify the result.

In 1984, an equally close race in Indiana was eventually decided by the House itself, then under Democratic control, in favour of the party's candidate, Mr Frank McCloskey, after a recount had given the edge to a Republican.

In California, Washington and New York, three first-term Democrats – Jane Harman, Elizabeth Furse and Maurice Hinchey – were clinging to tiny leads, but all less than the number of votes still to be counted and with challenges on the cards. If these three and Mr Gedjenson survive, the House line-up would be 230 Republicans, 204 Democrats and one independent.

Likely to be announced today is the result for the Alaskan governorship now held by Mr Walter Hickel, an independent. The last count gave Mr Tony Knowles, the Democrat, a 517-vote lead over Jim Campbell, the Republican, with about 9,000 ballots outstanding.

Cardoso gears up for drive on reform

By Angus Foster in São Paulo

Mr Fernando Henrique Cardoso, Brazil's president-elect, yesterday promised to deliver "sustainable" economic development and said the victories of candidates from his Social Democracy party (PSDB) in this week's state elections showed voters wanted a "more modern, more open" economy.

Mr Cardoso, who takes office on January 1, was speaking after Tuesday's elections in which the PSDB won six out of 27 governorships, including the three most important states. Political analysts say the party's strong performance, and Mr Cardoso's easy win in the presidential race last month, has given him an exceptional opportunity to push ahead with reform of Brazil's economy and government.

Mr Cardoso said his advisers were working on detailed reform proposals, which would be announced closer to his inauguration. He the first priority would be to continue the struggle against inflation. Inflation has fallen this year thanks to a new currency, the Real, which Mr Cardoso helped plan when finance minister. He said a "series of measures" were needed to reform the public finances.

As well as tax and social security reform, his advisers are thought to be planning a shake-up of the government administrative machine and overhauls to the nearly bankrupt state banking system.

He said he would announce his cabinet "around the end of December" and wanted a mixture of technical and political experience.

Mr Cardoso said he would soon begin talks with the leaders of other political parties to build a working majority in Congress. He is especially interested in attracting the support of the so-called "ethical wing" of the Democratic Movement (PMDB), the country's largest political party.

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Labour leader signals divorce from unions

By Kevin Brown, Political Correspondent

The leadership of Britain's opposition Labour party yesterday delivered a double-barrelled warning that it is serious about plans to reform the party's relations with the unions.

Mr Tony Blair, the Labour leader, told the unions clearly in a magazine article that it was in their best interests not to be associated with one particular political party.

Mr Blair's comments, in the leftwing magazine New Statesman, went significantly further than his earlier warnings that unions could expect no special access to a future Labour government.

The significance of his remarks was underlined by Mr John Prescott, Labour's deputy leader, in a speech to a conference on relations between managers and unions.

Mr Prescott, regarded as the most traditionalist member of Labour's leadership, said that the party would no longer take "a partisan approach to industrial relations, sometimes in spite of our judgment of what is best".

The concerted declaration of Labour's independence from the unions comes as the leadership prepares for a battle with union leaders and leftwing MPs over the future of Clause IV, the party's commitment to widespread public ownership.

Separation from the unions and the emasculation of Clause IV are regarded by Mr Blair's supporters as vital elements of his plan to modernise the party by distancing it from its traditional socialist roots.

Mr Blair, who is expected to expand his view of the relationship between the party and the unions at a London conference tomorrow, told New Statesman readers that unions had a role in protecting working families from economic change.

But he said that unions could protect their influence only by "being a broad voice of the working people, not a direct party political voice or one that is concerned for a narrow interest of individual unions".

He said that unions "do not want, and will not get, favours from a Labour government". Unions "should be able to thrive with any change of government ... because they speak for the broad interest of working families".

Mr Blair said the unions must adapt to change by developing better services or risk losing members to private-sector organisations that would "cherry pick" their profitable activities.

"Just as Labour is now looking again at the culture, organisation and constitution of the party, so are many unions who see that the present structures and objectives are out of date," he said.

Troubled railway project to be hived off

By Charles Batchelor, Transport Correspondent

CrossRail, the £2bn project for an east-west main line rail link beneath London, is to establish itself as a separate company with a chief executive recruited from the private sector.

The CrossRail scheme is a joint venture between British Rail, London Transport and Railtrack. Its three promoters are keen to see it become independent.

According to Mr Geoff Maynard, BR director of London rail development, this would make it easier to bring in private sector partners and would allow managers to focus their energies on the project. At present CrossRail has to compete with other projects being pursued by BR, London Transport and Railtrack.

The CrossRail team is working on plans to revive the project by means of the Transport and Works Act, an alternative to the private bill procedure under which the scheme was rejected by parliament in May. A private bill committee of four MPs objected to it on the grounds that traffic estimates made in the late 1980s were no longer relevant and that the project was not sufficiently integrated into other rail lines.

A draft order seeking powers under the act will be put to parliament next May.

The Transport and Works Act procedure being followed will allow detailed objections to be dealt with at a public enquiry rather than in parliament. It would also allow construction work to start in early to mid-1997 for completion in about 2002.

Some private sector companies in the engineering and construction field have criticised the CrossRail project as over-ambitious and expensive. They have proposed a simpler scheme which involves upgrading existing underground lines.

● Nearly 100 homes will be demolished and a further 70 will lose part of their gardens to make way for the Channel tunnel rail link and the associated widening of the M2 motorway, the Department of Transport said yesterday.

Details of the impact of the proposed £2.7bn rail link on communities and the countryside were published in environmental statements – comprising 12 documents and 54 volumes of special reports – required for such projects.

Several thousand petitions are expected to be put to the select committee which considers the plan.

Adams seeks early talks on N Ireland

Mr Gerry Adams, president of the Irish republican Sinn Féin party, yesterday made his first visit to the British mainland since the banning order on him was cancelled, David Owen writes.

He used a crowded Westminster press conference to urge the British government to start talks with his party, the political wing of the Irish Republican Army.

In a meeting hosted by Mr Tony Benn (right), the left-wing former Labour cabinet minister, Mr Adams said it was illogical for Britain to put talks on Northern Ireland under "unnecessary strain" by further delay.

While yesterday's visit provoked the fury of some hard-line Conservatives, the British government has promised to begin exploratory talks with Sinn Féin next month.

Upper chamber battles for a higher legislative profile

Mr John Major thinks he has done the double. In the Commons yesterday rebel MPs were queueing up to declare loyalty in the wake of the prime minister's threat to call a general election over the European finance bill. Up the corridor in the Lords, senior ministers were confidently predicting that the upper house is also back under control.

Their confidence may yet turn out to be misplaced. The government has had a traumatic year in the Lords, and there is no evidence that peers regret the savage beating they handed out to ministers in the last parliamentary session.

On the contrary, many peers relish the higher profile achieved by the Lords as a result of its battles with the government. Even some senior Tories say the house now has a better public image than its much derided democratic rival.

Government defeats in the Lords are not particularly unusual. There have been an average of 15 to 20 a year since 1979. But there is nervousness among some in government that the calibre of last year's tussles between the upper house and the cabinet may have marked a step change in the Lords' willingness to challenge legislation.

This year, say ministers, it will be different. The Lords is under fresh management following the retirement of Lord Wakeham, the former leader, whose reputation as the cabinet's consummate "fixer" was tarnished by last year's revolts.

Government business is now in the hands of Viscount Cranborne, a former Conservative MP, and Lord Strathclyde, the 34-year-old chief whip, who has held a series of minor government jobs since entering the Lords in 1985.

The government's business managers have learnt the lessons of last year, particularly the importance of consulting senior backbench peers early in the process of framing legislation.

They have taken care to begin the Lords' legislative programme with two relatively uncontroversial bills on the Scottish criminal justice system and agricultural tenancies.

There could be problems with the third bill slated for the Lords, merging a number of environmental agencies, with a potentially significant impact on the management of the countryside. But the government has gone to great lengths to minimise opposition to the bill by consulting widely on its contents, and publishing draft clauses to test public and parliamentary reaction.

Kevin Brown

Minister stalls on Malaysia payment

By James Blitz

Mr Douglas Hurd, Britain's foreign secretary, yesterday refused to give a firm commitment that future donations for Malaysia's Pergau dam project would not come from the UK's aid budget.

Following a court judgment last week that payments on the Pergau project had been illegal, opposition MPs asked Mr Hurd to give an assurance that UK expenditure on the Pergau project would no longer be made by the Overseas Development Administration.

Amid growing controversy about Britain's aid programme, they also sought an assurance from the foreign secretary that previous expenditure on the dam from the ODA's Aid and Trade Provision would be given back.

Mr Hurd stated in the House of Commons, however, that he had not yet received the High Court's full written judgment on the issue. He also said he had not yet decided whether to appeal and that no final decision could be taken until he did so.

"There have been no decisions on any of these points, either on past or future spending," Mr Hurd said. "We will have to take that decision. If I decide not to appeal, and as soon as that decision is taken, the House will be informed."

Mr Hurd confirmed that the next payment to the Malaysian government to help build the dam would be made by the end of the year. He also said that he had not been aware while foreign secretary of any link between British aid and weapons sales to any country.

Mr Robin Cook, the Labour opposition's shadow foreign secretary, said he would add the name of Baroness Thatcher, the former prime minister, to the "charge sheet" on Pergau, but added that Mr Hurd could not escape "his own personal responsibility."

He said the episode had been "an alarming glimpse into the private arrogance of this government."

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British Gas pins market hopes on new price structure

By Robert Corzine

British Gas yesterday fired the first shot in the battle to retain its dominance of the UK's domestic gas market, which is due to be opened for competition in 1998.

Only a day after the government said it will introduce legislation to abolish the company's monopoly on supplying 18m mainly residential users, the company announced a price restructuring that will reward British Gas' best customers while recovering some of the costs of dealing with those with poor payment records.

The restructuring includes a 2.9 *per cent increase in the standing* charge and the cost of gas for those customers who do not take up British Gas' offer of a 5 per cent discount in exchange for agreeing to pay by direct debit.

British Gas expects 5m households to join the scheme. It claims that 92 per cent of its customers have access to a bank or building society account, and could therefore take advantage of the savings.

But there was criticism that it did *not cover prompt* payers who preferred to deal in cash, or who did not want to give the company access to their bank accounts.

The Gas Consumers' Council said: "We had hoped that British Gas would have offered discounts for prompt payment by any method."

The company said it would extend the scheme to such customers later next year when its new national billing system is in place.

It said the removal of cross-subsi*dies and the establishment of cost*-reflective pricing for various categories of customers was essential if it was to compete in a liberalised gas market.

A spokesman noted that it cost ten times more to deal with customers who delayed paying their bills compared with those who paid on time.

Ofgas, the industry regulator, said the new pricing policy appeared to be "fair". The price increase is the first since 1991.

An additional price adjustment is likely next year when British Gas implements a regional pricing policy approved by Ofgas. Customers could face variations of plus or minus 2 per cent to 4 per cent.

British Gas said yesterday it expects that any rises will be closer to 2 per cent. The shift to more cost-reflective pricing is also likely to affect the company's policy towards debt and disconnection. The new computerised billing system should *identify problem payers earlier*. That will help to prevent debts building up.

The company may also consider ways to speed up the current costly disconnection process, which in practice takes far longer than the legal requirement.

Summer holiday sales set record

Travel agents' sales of summer holidays outside the UK rose 24 per cent this year to 9.8m, far exceeding the previous record of 8m set in 1987, Michael Skapinker writes.

The increase was greater than predicted by the travel industry which had been expecting sales of summer 1994 holidays to be between 10 per cent and 15 per cent higher than last year.

Lunn Poly, the UK's largest travel retailer, said the rise *had been stimulated by agents'* discounts and increasing consumer confidence. The sales growth was achieved in spite of tax increases earlier in the year and despite a warm summer in Britain.

Spain was the *top-selling* summer 1994 destination, accounting for 43 per cent of sales compared with 38 per cent last year.

Greece was the second most popular destination with a 17 *per cent share compared with* 18 per cent last year.

Cyprus, the US, Portugal and Turkey accounted for 5 per cent each.

Sales to Turkey suffered in the period to the end of June *as a result of terrorist activity* there, but recovered later in the summer.

Florida was the most popular long-haul destination for summer 1994, with 35 per cent of long-haul holidays *sold. This was sharply down*, however, from Florida's 1993 share of 46 per cent. The fall was largely the result of poor publicity llowing attacks on tourists.

UK NEWS DIGEST

Nestlé to close factory with loss of 900 jobs

Nestlé, the Swiss multinational, said yesterday it will close its *confectionery* factory in Norwich, eastern England, in two years with the loss of 900 jobs. Production will be transferred to several other plants with the northern city of York, home of the Rowntree's business Nestlé bought in 1988, apparently the biggest winner.

It is the third tranche of job losses announced by Nestlé since it completed a review this summer of its UK *operations. Job losses so far total 2,000* out of a UK workforce of 17,000. Further reorganisation is expected by analysts. "We need to reduce our capacity and costs to improve competitiveness so that we can protect and develop the business for the future," said Mr David Harris, managing director of Nestlé Rowntree.

Norwich's production will be transfered to factories Newcastle-upon-Tyne, Halifax and York. Nestlé also announced yesterday a new chocolate factory at York to replace those at Halifax and Norwich. The new plant will meet all Nestlé Rowntree's needs. News of the closure of the Norwich plant, which dates from 1880, comes only two months after Reckitt & Colman said it was selling its Colman's food business based in the cit since 1814.

Obligations to Lloyd's disputed

Many Lloyd's of London members being pursued by the insurance market's financial recovery department are either disputing or unaware of their obligations, statistics released yesterday suggested. Lloyd's said the department's *strategy of trying to enter into a dialogue with lossmaking* Names, individuals whose assets have traditionally supported the market, was working. But more than 330 out of 1,300 who had responded by earlier this month either disputed or did not recognise the figures supplied. More than 100 rejected liability.

Lloyd's is attempting to recoup about £1bn from Names and *sent letters to about 4,500 of them in September. So far, more* than £34m has been repaid by a total of 600 members who have now settled their debts. About 1,200 have requested discussions with the financial recovery department about addressing their indebtedness to Lloyd's.

Supermarket petrol sales up

Almost one-fifth of petrol sold in the UK is purchased from supermarket forecourts, a report by market research firm Taylor Nelson AGB Publications said yesterday. Supermarkets have increased petrol sales by 63 per cent since 1990 and these sales now account for an average 8 per cent of the total turnover of the biggest five supermarket chains. Supermarket petrol was an average of 6 per cent cheaper than that sold elsewhere, said the report.

The estimated petrol sales for the top five supermarket petrol-selling chains – Tesco, Sainsbury, Asda, Safeway and William Morrison – was £1.97bn in 1993.

Change for military housing

The Ministry of Defence is to set up a new tri-service executive to manage its married quarters estate of some 68,000 homes, Mr Malcolm Rifkind, defence secretary, announced yesterday. The new body – the Defence Housing Executive – will assume responsibility for the homes from April. They are now managed on single-service lines. Mr Rifkind said the body would be established in the first instance as a budgetary unit within the Ministry of Defence, "but with a remit to move towards autonomous operation as a likely candidate for ... privatisation in due course".

The Ministry of *Defence faces a £500m gap in its budget next* year if it cannot find a way of transferring the estate to the private sector. The ministry last month appointed NatWest Markets to advise on new options for doing this after its original plans to set up a non-profit trust ran into difficulties. MoD officials said yesterday the executive would be "a short-term arrangement while we continue to work towards privatisation proper".

Guns go missing in Germany

Rifles, submachine guns, other automatic weapons and even vehicles were found to be missing as British army units withdrew from Germany, the House of Commons defence committee said in a report yesterday. The cross-party committee severely criticised "unacceptable" discrepancies involving explosives, detonators and weapons.

Some 114 discrepancies were identified at one unit alone on items with a book *value of £97,000, including three large pieces* of equipment such as a gearbox. The committee said it was "deeply disturbing" that the Ministry of Defence "failed to maintain proper accounting control over weapons and explosives.

Strong export growth boosts engineering sector

By Andrew Baxter

Strong growth in exports – especially to western Europe – *and revived investment spend*ing by UK industry will boost engineering output by 4 per cent next year, the Engineering Employers Federation said yesterday.

The federation said in its *half-yearly trends survey that* employment in the sector, which has fallen by 400,000 since 1990, will stabilise – dropping only another 18,000 to 1.66m by the end of next year.

The upbeat forecast underlines the better prospects for the engineering sector after the recession, but the federation cautioned against euphoria.

Overall, the engineering sector's sales will exceed £140bn this year, but even by the end of next year its output will be no higher in real terms than it was in 1990.

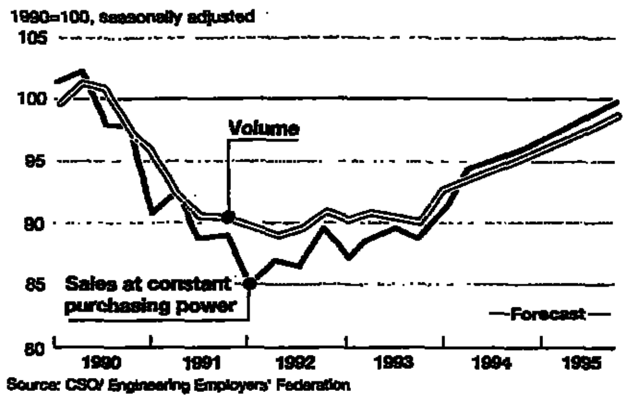
By the end of next year only *two sectors of the industry* – electrical and instrument engineering and automotive – will be producing at a higher rate than in 1990. Mechanical engineering, metal goods and aerospace output will still be well below *1990* levels.

The federation said cyclical revival of investment spending is boosting UK demand for engineering products, but from a low level. It still wants changes in capital allowances *to ensure that the next "invest*ment recession" is not as deep as the last downturn.

Meanwhile, the recovery of European markets from recession is an important development for the sector and for the UK economy as a whole.

Western Europe already accounts for 60 per cent of UK engineering exports, and the proportion could rise next year. Mr Thompson believes the upturn will prevent the *£8bn ($9.8bn) trade deficit in* engineering goods from worsening – although the federation continues to believe the deficit is not a good thing in the long term.

Engineering industry output



Source: CSO/ Engineering Employers' Federation

Smaller banks criticised by review committee

By John Gapper, Banking Editor

Some small banks were criticised by an independent bankers' group yesterday for not joining the UK Banking *Ombudsman scheme*. The Code of Banking Practice Review Committee said they were denying customers independent arbitration on disputes.

The review committee, an independent group which reviews the banks' voluntary code of banking practice, said in its annual report that it was "disappointed at the comparatively small number of banks" that had joined the scheme.

The 65 banks that are members cover nearly all personal banking customers in the UK, but the committee is concerned that small foreign banks deal*ing with ethnic minorities tend* not to join the scheme at an annual cost of £2,500.

It said 99 per cent of customers were covered, but it was "unsatisfactory that there remains a minority of customers, albeit small, which has no opportunity of having complaints dealt with by an impartial outside arbitrator".

The committee said it was surprised that some small banks had *refused to join on* the grounds of cost because the annual charge for smaller banks had remained unchanged for eight years while annual running expenses had grown.

Mr Martin Karmel, the committee secretary, said that building societies were compelled to be members of the scheme, but this was inappropriate for small banks because many operating in London had no personal customers.

Mr Karmel said the committee was particularly worried at the number of foreign banks *serving ethnic minorities in* the UK which were not part of the scheme. Banks were asked to give reasons in the committee's annual compliance survey.

Retailers fear tough Christmas

By Gillian Tett, Economics Staff

Trading conditions for shops in the UK during the important pre-Christmas period will be tough, retailers warned yesterday.

Although official figures showed yesterday that retail sales in October were higher than year before, the rate of growth has slowed in recent months and price competition remains intense.

The Central Statistical Office said retail sales volumes in October were a seasonally adjusted 0.1 per cent higher than in September. Year-on-year growth slowed to 3.1 per cent in October from 3.5 per cent in September.

Measured on a three-monthly basis, a more accurate indication of trends, sales volumes were 0.6 per cent higher than over the three months to July, a slightly slower rate of growth *than in previous months*.

Highlighting the fierce price competition in the high street, the value of retail sales rose only 0.7 per cent on a seasonally adjusted basis in the three months to October, compared with the previous three months.

Adding to the picture of subdued retail activity, Bank of *England figures* showed yesterday that the annual growth rate of notes and coins in circulation measured in the past week was, at 5.8 per cent, the lowest since mid July.

*The combination of soft con*sumer demand and low inflation will be welcomed by the government as it prepares for Chancellor Kenneth Clarke's Budget on November 29.

© Eduardo Arroyo "Robinson Crusoe" (detalle), Max Beckman "Autorretrato con la mano levantada" (detalle), Julio González "Autorretrato" (detalle). VEGAP. Madrid 1994.

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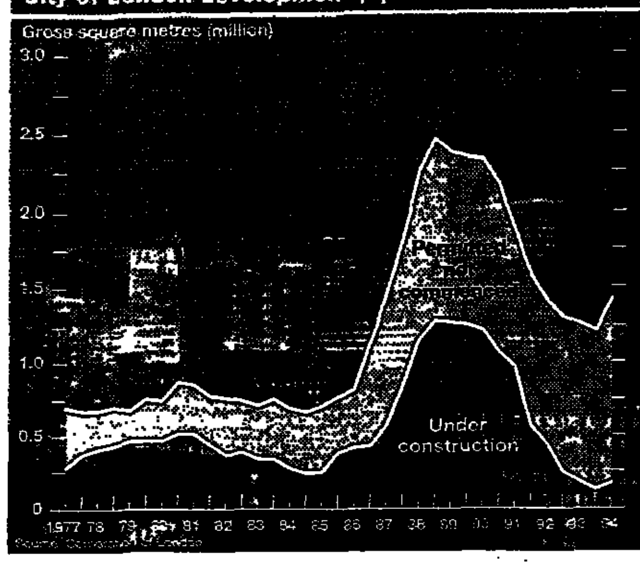
PROPERTY

Signs of life on the sites

Activity is picking up but financing remains a problem, says Simon London

City of London development pipeline



The chill wind of recession sent property developers into hibernation, and the warm glow of recovery has brought them blinking back into the light.

Land Securities, the largest quoted UK property company, this week announced that it was gearing up its development programme. It plans to spend £350m over the next two to three years, its biggest burst of development activity since the late 1980s.

Smaller developers are also starting to stir, including some notable figures from the past. Mr Godfrey Bradman, former chairman of Rosehaugh and one of the biggest casualties of the bust, is now operating from offices overlooking Regent's Park.

Yet the development climate is hardly balmy. As the graph shows, planning permission has been granted for an additional 13.6m sq ft (1.26m sq m) of office space within the City of London. Of this, more than 7m sq ft (630,000 sq m) covers sites which are currently empty and waiting for work to start.

Yet during the first six months of this year construction started on only 1.7m sq ft, only a shade more than in the same period of last year.

The reason for the modest pace of activity is that rents are too low and property yields too high to give developers a clear profit.

For example, with top City rents at £35 per sq ft and new office developments being sold forward to investment institutions on yields of 6.5 per cent, a 30,000 sq ft development might have a finished capital value of about £15.5m.

Yet building 30,000 sq ft of office space for much less is difficult, unless the developer has bought the site cheaply.

The following hypothetical example assumes that the developer has paid about £175 per sq ft for the site. This is not unreasonable, given that one core City site is rumoured to have changed hands for £250 per sq ft last week.

Land cost: £175 per sq ft + building costs: £130 per sq ft + professional fees: £25 per sq ft x 30,000 sq ft = £10m capital value.

So far so good, except that the developer needs to finance the project.

Awareness of the risks and uncertainty about the outlook mean that banks are extremely wary of financing speculative developments.

"There is only a handful of banks willing to look at speculative development projects and they are understandably discreet about it," said Mr Peter Champness, partner at surveyors Gerald Eve.

Only big property companies such as Land Securities can attract sufficient bank loans to finance large speculative development programmes. Smaller developers are forced to rely on investment institutions such as pension funds and life insurance companies.

Banks are still extremely wary of financing speculative developments

Small, independent developers also recognise that speculative projects financed with bank debt expose them to very high risks. At this early stage of recovery, most would anyway prefer to share the risks with an institutional partner. Under this type of funding arrangement, the developer usually agrees to sell the finished building to the institution at an agreed yield. If the property market weakens during construction, it is the institution rather than the developer which suffers.

The pay-off is that the institution gets the building at a higher yield than it could be sold for on the open market. Our hypothetical City office block could probably be sold for 5.5 per cent on the open market, yet the institution is paying 6.5 per cent as part of the funding agreement.

The details of an institutional funding package could be complex. But if the developer arranges finance over a four-year period at, say, 2 percentage points over base interest rates, an all-in funding cost of about £3m-£3.5m would be about right.

It is also likely that the developer will have to contribute to fitting-out costs for the tenant, in which case another £1m will have to be set aside.

In total, the hypothetical office block has cost the developer £14.5m to build and fit-out. Since the institution is getting the finished building cheaply, this leaves a development profit of less than £1m, or about 5 per cent of the capital value.

Such calculations explain why development activity is still muted. Either rents need to rise or property yields need to fall before many projects become viable.

Moreover, institutional appetite for development finance is limited. Even large pension funds cannot afford to have more than a few speculative schemes in hand at any one time. Smaller funds are often wary of getting involved with development activity at all.

One reason is that fund managers have historically seen poor returns from development. Figures from the Investment Property Databank, a research group, show that development activity has been a drag on the performance of institutional investors in 14 out of the past 19 years. Only in the period from 1983-87 did development actually enhance investment returns from commercial property.

Unless this changes, the flow of institutional development funding will be steady rather than spectacular. Fund managers are also likely to demand good terms from developers, which will keep development margins under pressure.

Much therefore depends on whether banks start funding speculative development projects again and whether the developers themselves feel confident enough about the outlook to proceed without an institutional partner.

In the current climate, with little sign of rental growth and uncertainty about the economic prospects, the banks have no reason to rush back into the market.

Developers point out that the debt-financed development peak of the late 1980s was unusual. Previous property cycles were funded by institutional investors rather than banks. The extent of over-building was far less severe as a result.

While the pace of development activity is sure to pick up as rents rise and more projects become viable, there are signs that developers will have to rely far more on institutional finance. If that holds back the pace of development until tenants are ready to fill the space, the property market will be healthier for all concerned.

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Purpose: Pipeline inspection services using intelligent pig.
Opening of Bids: 06/01/95, at 2 p.m. at Avenida República do Chile, 65, room 1264, Rio de Janeiro, RJ.
Address at which Public Announcement can be perused: DETRAN/DIAGE/SECOFI, Avenida República do Chile, 65, room 1260.
How to obtain text of Public Announcement: The complete text of the Public Announcement may be picked up from 09/11/94 on, at the above address for perusal, against presentation of the original of the payment voucher in the name PETRÓLEO BRASILEIRO S.A. - PETROBRÁS, in the amount of R$ 50,00, non reimburseable, effected on a deposit pad slip, to be obtained at SEACE/DIFIN/SEPROC, at the above address, room 458, which must indicate the complete corporate name of the respective firm, General Roster of Corporate Taxpayers Number (CGC) in case of Brazilian company, and address and telephone number, also indicating the number of this public announcement.

Committee on Bids

PUBLIC NOTICE

offer

NOTICE UNDER SECTION 12 OF THE ELECTRICITY ACT 1989

On 14 November 1994 the Director General of Electricity Supply made a reference to the Monopolies and Mergers Commission under Section 12 of the Electricity Act 1989 in the following terms:

1. The Director General of Electricity Supply ("the Director"), in exercise of the powers conferred upon him by section 12 of the Electricity Act 1989 (c. 29) ("the Act"), hereby makes a reference to the Monopolies and Mergers Commission requiring them to investigate and report on whether the continuation without modification of the provisions as to the restriction of charges for distribution and supply of electricity contained in Schedule 6 to the composite licence dated 28 March 1990 granted under section 6 of the Act to Scottish Hydro-Electric plc, together with the special provisions for charges as between the Generation Business and the Distribution and Transmission Businesses contained in Schedule 7 to that licence, operates or may be expected to operate against the public interest, and if so whether the effects adverse to the public interest which that matter has or may be expected to have could be remedied or prevented by modification of the conditions in that licence.
2. The report on this reference shall be made within the period of six months beginning with the date of this reference.

UK PROPERTY SURVEY
CHANGE OF PUBLICATION DATE
The UK Property Survey will now be published on
9 DECEMBER 1994
The report will focus on important issues such as changes in legislation, rating revaluation plus an insight into property investment and the popularity of auctions.
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For further information, please contact:
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0171 873 3211
Fax: 0171 873 3098
COPY DEADLINE: 25 NOVEMBER 1994

هكذا من الأصل

PEOPLE

Supervisory role for Sir Dennis at the Bank

The Bank of England has achieved a notable catch with the appointment of Sir Dennis Weatherstone, the retiring chairman of the US bank J P. Morgan, as an independent member of the Bank's board of banking supervision.

Sir Dennis will succeed Sir Peter Leslie, the former deputy chairman of Midland Bank, and serve for a five-year term. The board is responsible for overseeing the work of the Bank's supervisors in its financial stability wing.

Sir Dennis, who has taken an interest in supervisory issues relating to financial derivatives in his work with the Group of Thirty senior banking executives, will be the best known of the six independent members of the board.

The Bank yesterday made no secret of its delight at having attracted Sir Dennis to the board. Figures of equal weight, such as Sir David Scholey of S.G. Warburg, tend to sit on the Bank's governing Court rather than its supervision board.

Sir Dennis, who will be 64 on his retirement from the helm of J.P. Morgan at the end of the year, has become a notable figure in the international debate on derivatives, leading calls for banks to self-regulate their activities.

At the monthly meetings of the banking supervision board, he will have access to all supervisory reports on UK banks, as well as being able to quiz Brian Quinn, executive director for financial stability, on the department's work.

The bank's supervisory

department has been overhauled since being criticised over its handling of the collapse of the Bank of Credit and Commerce International, and several new senior officers have been brought in.

Sir Dennis was thought to be a possible candidate to become governor of the Bank when Eddie George was appointed. Lord Swaythling, whose term on the board expires at the end of the year, has been appointed for a further five-year term. *John Gapper*

Priddle to monitor the West's energy

Robert Priddle, head of corporate and consumer affairs at the Department of Trade and Industry, was yesterday elected executive director of the International Energy Agency, the West's energy monitoring body. Priddle has been elected for a four-year term to the Paris-based organisation as successor to Helga Steeg, who had held the post for 10 years.

Priddle's election comes as the 23-member organisation is in the middle of re-defining the agency's role in an economic and political climate which has changed considerably since it was set up after the 1973 oil crisis. "The energy market is much more diverse and the political situation much less confrontational," Priddle says.

The IEA was set up to monitor security of energy supplies and share fuel at times of crisis. But Priddle says it must now work much more closely with the international markets for oil.

The IEA must also concentrate on other aspects of energy security such as environmental measures. "Unless energy producers and users are properly sensitive to environmental damage, the security of energy supply may be called into question," he says.

The agency will also need to develop its relationship with non-OECD countries in future as the dominance of the OECD in the oil market has diminished, he believes. *Deborah Hargreaves*

Hugh Donaldson (above), general manager of corporate resources at drugs company Zeneca, is to become group chief executive of Holliday Chemical Holdings as from January 1.

The appointment means a split in the roles of the company's founder, chairman and chief executive, Michael Peagram. He will continue as executive chairman. Donaldson, 52, is going back to his roots; he joined ICI as a plant engineer in 1964, and rose to become a director of the speciality chemicals business and finally general manager, personnel, one of only four general managers in the company.

He was the only one of the four to switch to Zeneca when it demerged from ICI last year.

■ NATIONAL POWER yesterday announced the first of what will be a growing list of board changes as the bulk of its executive directors move towards retirement.

Keith Henry has been appointed chief executive of the electricity generation company. He is chief executive and a long-time employee of Brown & Root, the US-owned engineering, project management and construction group, and will fill the vacuum left by John Baker's appointment as chairman when Sir Trevor Holdsworth retires next April after five years in the position.

National Power had little choice but to recruit externally for the job of chief executive, since three of its five executive directors will retire within the next 18 months. Only the finance director, Brian Birkenhead, and the managing director of its international business development operations, Graham Hadley, will remain.

John Baker's switch to non-executive chairman will leave him more time to devote to other directorships and to his new post of chairman of the World Energy Council. He will play a strategic role and devote two days a week to National Power.

His replacement is an experienced civil engineer. He landed the top job at Brown & Root in 1990, taking responsibility for the group's operations in the UK, Europe, Africa and the former Soviet Union. He has worked for the group for 23 years.

The company has also announced that non-executive director Sir David Walker would stand down as a result of his move to become chairman of Morgan Stanley in Europe. *Simon Davies*

■ **Ian Hay Davison** is convalescing in Australia following an operation; as a result **Margaret Downes** is acting chairman of Storehouse and **Peter Macfarlane**, appointed deputy chairman at MDIS, is standing in for him there.

■ **Michael Cannon** has been appointed chairman of SULZER (UK) HOLDINGS on the retirement of Peter Strangeway.

■ **Simon Petchey**, formerly vice-president logistics and IT for Europe at EMI Music, has been appointed director of group information services division at W.H. SMITH.

■ **Klaas van Mill** has been promoted to marketing director for BRAUN UK in succession to Tim Yates.

■ **Roslyn Beattie** has been appointed company secretary of WATMOUGHS (HOLDINGS).

■ **Michael Richardson**, formerly sales and marketing director of Dowty Aerospace, has been appointed md of BOWTHORPE's Penny & Giles Data Recorders in succession to Charles Fitch, who remains chairman. **Robert Potter**, formerly md of GEC-Marconi's sensors division, has been appointed general manager of Bowthorpe's aerospace equipment.

■ **Tony Brimble**, chief executive of Babcock Process Division, has been appointed chairman of the BRITISH CHEMICAL ENGINEERING CONTRACTORS ASSOCIATION.

■ **Lord Sterling of Plaistow** has been appointed chairman of MOTABILITY, the charity which helps disabled people obtain the use of a car or powered wheelchair; he succeeds **Lord Goodman**.

■ **Pat Lee**, development director of Wincanton, has been appointed chairman of the CBI in the south west; he is also chairman of the Road Haulage Association.

■ **David Ingham** has been appointed legal director of OFTEL.

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Enirisorse

INVITATION TO BID FOR THE PURCHASE OF

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Enirisorse S.p.A. metallurgical, mining and coal sub-holding of ENI S.p.A., with headquarters in Rome, Piazza Cerva 7, registered at the Rome Court Chancery Registry of Companies at no. 7458/92, share capital of Italian lira 300 billion of which paid lira 151,426,290,000, intends to receive and screen bids for the sale to a single party of its secondary metallurgy division including two plants located in PADERNO DUGNANO (north of Milan) and MARCIANISE (north of Naples).

Enirisorse S.p.A. is willing to screen bids either for both plants, or for each single facility.

The Paderno Dugnano plant produces secondary lead and lead alloy, brass and bronze. The Marcianise plant produces secondary lead and lead alloy. Enirisorse S.p.A. is the recognised leader in the Italian lead, brass and bronze markets. Aggregate turnover for the two plants was lira 121 billion in 1993.

Enirisorse S.p.A. has named Bain, Cuneo e Associati as advisor for the present transaction. Interested parties are kindly requested to send written request (fax accepted) for a copy of an information memorandum concerning the business to:

Bain, Cuneo e Associati
Via Crocefisso, 10 - 20122 Milan
Phone 39-2-58288268 - Fax 39-2-58288276
Mr. Luca Di Giacomo, Ref. ERS

The information memorandum will be sent to companies the legal representative of which has signed and returned to Bain, Cuneo e Associati, no later than December 5, 1994 an agreement of confidentiality, together with a description of the business and the reasons for present investment. Intermediaries of whatever kind must disclose the identity of any party they represent.

The present announcement is an invitation to bid and does not represent a public offer (art. 1336 of Italian Civil Law Code). Neither the present invitation nor the receipt of any offer will create to Enirisorse S.p.A. any obligation or commitment to sell to any bidder, nor give any bidder any right or claim whatsoever on or against Enirisorse S.p.A. or its advisors, including payment of brokerage or consulting fees.

The Italian text of the present invitation will have priority over any other version published in other languages in newspapers outside Italy. The present invitation and the sale procedure are subject to Italian Law (Rome Court).

BUSINESSES FOR SALE
Appear in the
Financial Times on Tuesdays, Fridays and Saturdays.
For further information or to advertise in this section please contact
Karl Loynton on +44 71 873 4780
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FINANCIAL TIMES

LEGAL NOTICES

No. 006624 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
B.C.E. HOLDINGS PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 9th November 1994 confirming the reduction of the capital of the above named company from £3,750,000 to £750,000 and the reduction of the share premium account of the Company by £1,812,247 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on the 11th day of November 1994.

Dated this 18th day of November 1994

Wallace & Partners
9 Great James Street
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Tel: 071-404 4422
Ref: AS.G.B3006.6
Solicitors for the above named Company

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WEBER INSOLVENCY
Capri No. 878/89 on 16th December 1994 at 12:00 am, the Law Court of Naples sells complex called Weber Hotel, 118, Marina Piccola St., Capri, in front of Judge Perpetua. The complex is on 5910 sq.m. of grounds and buildings. It consists of 53 rooms and one suite of 60 sq.m. provided with all accessories in working order. A swimming pool - already designed - might also be realized. All is better described and specified in the technical consultancy report deposited at the Chancery. Opening Price Lit.15,500,000,000 deposit 65%.
Information Chancery or Official Receiver Lawyer Massimo Di Lauro Telephone Numbers +39/81/661929 - 7611977 Fax + 39/81/7612026

D Huglin (London) Ltd.

The Joint Administrative Receivers, Timothy John Beer and Philip Ramsbottom, offer for sale the business and assets of the above company as a going concern.

The company is a wholesaler of carpets, with a large customer base, including mail order catalogues throughout most of the United Kingdom and Republic of Ireland.

Salient features include:

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- Loyal customer base.
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- State of the art computer and cutting machinery.
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For further information contact the Joint Administrative Receiver, Timothy John Beer, KPMG Peat Marwick, Richmond House, 1 Rumford Place, Liverpool L3 9QY. Tel: 051 236 5052. Fax: 051 236 1882.
KPMG

SALE OF MANDEVILLE MEDICINES, STOKE MANDEVILLE HOSPITAL, AYLESBURY

The Authority seeks expressions of interest from suitably qualified organisations to acquire the business of Mandeville Medicines with effect from 1 April 1995.

Mandeville Medicines is a pharmaceutical manufacturing and repackaging organisation, which provides pharmaceutical 'specials' for a range of customers both within the NHS and private sector, including a clinical trials supply service to the Pharmaceutical Industry.

The Unit currently holds a 'Manufacturers Specials Licence' issued by the Department of Health.

Employing 11 staff, Mandeville Medicines has a current annual turnover in excess of £350,000, and operates from purpose-built premises on lease within the grounds of Stoke Mandeville Hospital NHS Trust in Aylesbury, Buckinghamshire.

The Authority invites expressions of interest from parties, and based on the subsequent information supplied, will invite selected organisations to submit tenders for the business of Mandeville Medicines.

Expressions of interest should be made by noon Friday 2nd December in writing to Mr J Barlow, Purchasing Manager (Technical Services), NHS Supplies Authority (South & West Division), Ham Green House, Pill, Nr Bristol BS20 0LH.

ANGLIA & OXFORD REGIONAL HEALTH AUTHORITY
NHS Executive

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The Receivers of Beckenham Ductwork Limited, the main trading company of The Beckenham Group Plc, a leading UK specialist supplier of ductwork, invite offers to purchase the business and assets of Beckenham Ductwork Limited, comprising:

- Operating business – design, manufacture, and installation of ductwork, trading as:
  - J. Gardner Environmental Services
  - Mahill Environmental Services
  - Fernwork Environmental Services
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- Approximately 200 employees

For further information please contact the joint administrative receivers:
MD Gercke or PN Spratt at Price Waterhouse, 55-57 High Street, Redhill RH1 1RX. Tel: 0737 766300. Fax: 0737 779542.

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MODIFICATION OF THE BID

The Állami Vagyonkezelő Részvénytársaság
(Hungarian State Holding Company)
modifies the terms of payment of the invitation for a one-round open tender
for the sale of the state owned shares
of Hírlapkiadó Kiadási és Hirdetési Részvénytársaság
(Hírlapkiadó Newspaper Publishing Enterprise Plc.)
as follows:

"Minimum 75 percent of the purchase price shall be paid in cash and an E-credit of HUF 50,000,000 at the most can be used.

All the other conditions of the tender remain unchanged."

GREEK EXPORTS S.A.
(Founded & Owned by ETBA S.A.)
SECOND REPEAT PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR THE SALE OF THE ASSETS OF GENERAL INDUSTRIAL ENTERPRISES - VEPOL S.A.

GREEK EXPORTS S.A., established in Athens and legally represented, in its capacity as liquidator of GENERAL INDUSTRIAL ENTERPRISES - VEPOL S.A. following Decision No.7820/1992 of the Athens Court of Appeal, and in accordance with article 46a of Law 1892/90, as supplemented by article 14 of Law 2000/91 and complemented by article 53 of Law 2224/94.

ANNOUNCES

a second repeat public auction for the highest bidder with sealed, binding offers for the sale, as a whole, of the assets of *GENERAL INDUSTRIAL ENTERPRISES - VEPOL S.A.* now under special liquidation.

Brief Description of the Company under Liquidation

VEPOL S.A., based in Athens, set up a factory in the Episkopi area of Naoussa in the province of Imathia (on the Verria-Edessa National Road) for processing and standardising fruit and gardening products.

The factory is built on a plot of land 47,451 m² in area. Near it, there is another plot of land belonging to VEPOL S.A. 13,476 m² in area (the plots are separated by the paved road that leads to Episkopi).

The total area of the buildings owned by the company is 9,279m2.

The company's basic factory equipment includes: a) a tomato paste production line, b) processing lines for peas, cherries, strawberries, apricots etc. c) a complex for refining and concentrating tomato pulp, etc. It should be noted that the existing machinery was bought about 20 years ago and has remained inactive for many years. For this reason, part of the machinery is obsolete of has suffered serious wear **as noted in the description of existing machinery which has been added to the Confidential Offering Memorandum.**

TERMS OF THE ANNOUNCEMENT

1. Prospective buyers are invited to receive from the Liquidator the Confidential Offering Memorandum and the draft Letter of Guarantee, in order to submit a sealed, binding offer to the Athens notary assigned to the public auction, Mrs. Andriani-Dimitra Zapheiropoulou-Economopoulou (18 Voukourestiou St., 5th floor tel. +30-1-321.8249) up **1400 hours on Tuesday 13th December 1994.** Bids should be submitted in person or by a legally authorised representative.
2. The bids will be opened by the above notary at **1200 hours on Wednesday 14th December** in the presence of the Liquidator. Persons having submitted an offer within the prescribed time limit can also attend.
3. On a penalty of invalidity, bids must be accompanied by a letter of guarantee from a bank legally operating in Greece, valid up until its return to the prospective buyer, to the amount of fifty million drachmas (50,000,000) for VEPOL S.A.
4. The company's assets and all fixed and circulating elements that comprise them shall be sold and transferred "as is and where is" and, more specifically, in their actual and legal state and where they are on the day the sales contract is signed.
5. The Liquidator, VEPOL S.A. and VEPOL's creditors are not responsible for any legal or actual defects of the objects for sale and their rights, nor for any incomplete or inaccurate description of them in the Offering Memorandum.
6. Transfer expenses of the assets (VAT on the value of movables, notary fees, mortgage fees, etc.) are to be borne by the buyers.
7. Participation in the auction implies acceptance by the prospective buyer of all the terms contained in the announcement. For the rest, legal provisions by which the company is being liquidated are in force.

For the Offering Memorandum and any additional information of clarification interested parties should apply to:

a) *GREEK EXPORTS S.A., 17 Panepistimiou St., Athens, Greece, 1st Floor,* tel. +30-1-324.3111-115 and

b) ETBA S.A. Holdings Dept. 87 Syngrou Ave. Athens. Greece, 4th floor, tel. +30-1-924.2900,929.4611 & 929.4613.

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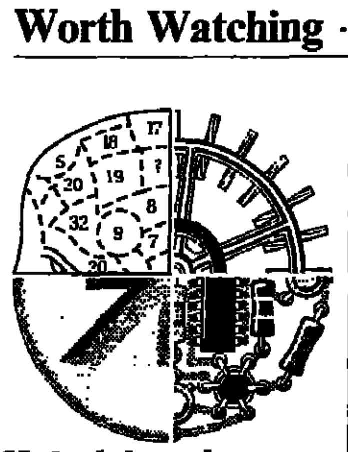
TECHNOLOGY

Worth Watching · Vanessa Houlder



Material packs green punch

Jiffy Packaging, a UK company, has launched a paper packaging material as an environmentally acceptable alternative to plastic bubble wrapping.

Its Flextra product is a roll of paper with thousands of tiny slits, which takes up less storage room than conventional packaging materials. When it is stretched it becomes a three-dimensional honeycomb of hexagon-shaped holes, giving it cushioning properties.

Its ability to expand to 10 times its height and 20 per cent in area makes it suitable for filling voids, corners and gaps.

The manufacturers believe that the paper is an environmental advance on previous products because it is made from recycled fibres, is reusable, bio-degradable and can be recycled.

Jiffy Packaging: UK, tel 01606 551221; fax 01606 592634.

Europe's most innovative product

A competition to select Europe's most innovative IT products has been launched by the Information Technology Programme of the European Commission in conjunction with the European Council of Applied Sciences and Engineering.

The winners will be the three entries considered "the most innovative products with high IT content and evident market potential". Entries should have reached the prototype stage but should not have been on the market longer than six months. Submissions must be received by January 15 1995.

The 1995 Information Technology European Awards are open to companies, universities and institutions within the European Union and EFTA. The 20 finalists will each win Ecu 5,000 (£4,000); the three winners will receive an additional Ecu 200,000.

ITEA/Euro-CASE Secretariat: France, tel 331 44 41 43 94; fax 331 44 41 44 04.

Aspirin is a plant's best medicine

Salicylic acid, the precursor of aspirin, has been found to play a central role in plants' ability to resist disease.

Scientists at Ciba-Geigy in the US and Switzerland conducted experiments on transgenic tobacco plants which found that an accumulation of salicylic acid is essential for the expression of plant disease resistance. The lack of salicylic acid hinders acquired resistance and makes the plant more susceptible to viral, fungal and bacterial infections, according to the report in today's Science.

Ciba-Geigy: US, tel 919 541 8500.

Stolen bags called back to base

Anyone who has lost a bag or briefcase knows the frustration of losing valuable belongings and documents. New Perspective Technologies, a UK company, has launched an alarm device to counter bag theft.

The Stentor Proximity Alarm consists of a transmitter, which is placed inside a case or bag and a receiver, which is kept in the user's pocket or on a belt. If the case or bag is removed from the owner, the person is alerted.

New Perspective Technologies: UK, tel 071 584 7666; fax 071 584 8456.

Extreme conditions measure up

A range of probes capable of measuring temperature in extreme conditions such as those inside a nuclear reactor have been developed by Cableries de Lens, a French company.

The probes consist of thermocouples which are tightly packed with a mineral insulator such as magnesia or alumina inside a metal sheath. The insulator protects the thermocouples from chemical attack, while its density and thermal conductivity allow the same response times as a bare wire of the same diameter.

Cableries de Lens: France, tel 3327671111; fax 3327686077.

Virtually in business

Commercial applications of virtual reality are growing rapidly, says **Vanessa Houlder**

An engineer opens the engine bay door of the aircraft, positions a trailer under the engine bay, jacks it up and removes the bolts securing the engine. He then connects the engine to the trailer, lowers it and removes it for servicing.

It is the same routine as usual, involving the same steps and taking the same time as usual. The difference is that the tools are computer-generated, the engineer is wearing a headset and the exercise is being conducted in a virtual world.

This is an application of virtual reality, a form of three-dimensional computer graphics which allows users to feel as though they are looking at a graphic, and interacting with it, from the inside. As the user manipulates the system, using a device such as a mouse, glove or spaceball, the software updates the image and transfers this new view of the virtual world back to the user through a display.

This aircraft engineer's encounter with virtual reality is part of the design process at McDonnell Douglas, the US aerospace company. It bought the system in September from Division, a UK-based supplier, on the basis that it would involve "fewer mock-ups and prototypes, earlier design testing and reduced costs".

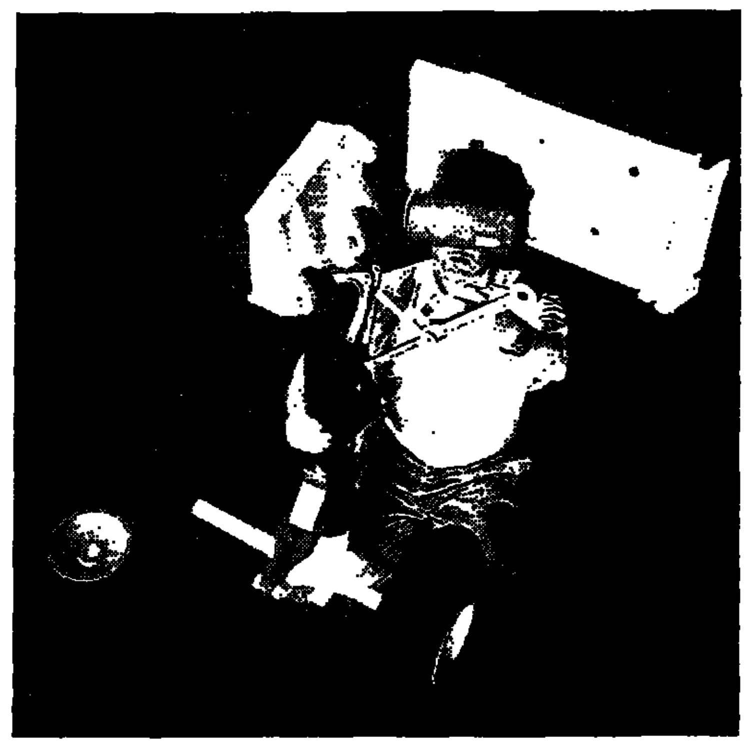
Examples such as this show that virtual reality is beginning to make inroads in business, although its image is still heavily dominated by its applications in games and entertainment. "Overcoming the preconception of management that VR is about hype and entertainment" remains a significant challenge, according to Pierre duPoint, marketing director of Division.

The business market for virtual reality currently accounts for just $4.1m (£2.5m) of the $115.8m total market, according to 4th Wave, a US consultancy. It is expected to grow strongly. By 1998 it expects the business market to account for $95m of a total market worth $569.9m. Research and development applications are expected to grow from $40.3m to $64.4m in the same period.

Even now, the variety of business users and applications is extensive. Examples range from EDF, a French nuclear power operator, which uses virtual reality to help engineers plan maintenance programmes that expose them to minimum radiation, to Wall Street where Maxus Systems International, a financial consultancy, has designed a system that allows traders to represent financial information visually by using symbols that float on a virtual plane.

Most business uses of virtual reality fall into three categories: marketing, design and training.

Just over $2m is currently being spent on marketing applications of virtual reality, according to 4th Wave. A notable user is Matsushita, the Japanese interior design company. In its Tokyo showroom, customers can view a combination of any of the 50,000 items in its catalogue by putting on a headset and taking a virtual tour of a house in which they are installed. The cost of the equipment, at more than £250,000, might inhibit other retailers from following their lead. However, the company is considering rolling out the project to its other shops using a cheaper, PC-based system.



Division

Seeing is believing: advanced engineering design and prototyping in virtual reality

Virtual reality is proving useful in training people to cope with complex situations

Similar equipment is also used in the UK, where British Gas has installed a virtual reality system (which uses a monitor rather than a headset) to demonstrate kitchen designs in its Coventry showroom.

Design is another application that makes good use of virtual reality's convincing simulation of products. One of the most innovative uses of the concept has been in drug design, where Glaxo and the University of York are working on a £600,000 three-year project with funding assistance by Division, the UK's Department of Trade and Industry and the Science and Engineering Research Council.

The goal of the project is to allow chemists to manipulate molecules using virtual reality, allowing them to get a tangible sense of how they interact. Glaxo says that although "the jury is still out" on how well the system will work in practice, the concept has proved itself.

Within the field of industrial design, virtual reality may be adopted relatively easily, since it is a variation on widely used computer-aided design.

When CADCentre, a Cambridge-based computer-aided design business, launched Review Reality, a virtual reality software product for designers of process plant, recently, it was depicted as the latest in a line of products that allow engineers to visualise their design database.

Review Reality presents petrochemical installations and offshore platforms as life-like computer models, generated in real time. George Osborne, an engineering general manager of Kvaerner H&G, the Norwegian shipbuilding group, is enthusiastic: "It is highly desirable because it is more life-like," he says.

For complex equipment such as plants and rigs, the uses of virtual reality go beyond design. Simulated models can also be pressed into use for activities such as safety assessments and training.

Virtual reality is proving useful in training people to cope with complex situations, such as in a fire.

The UK's Fire Service College uses virtual reality for training because it provides a visual explanation of the complex mathematical theories that underpin fire engineering. The software designed by Superscape, a UK-quoted virtual reality company, allows trainees to see what happens to a fire in changing conditions, such as when doors are opened or shut.

Applications are likely to expand further as virtual reality systems become less expensive to install. Since virtual reality depends on high-performance computing power, the hardware can cost £250,000 to create top-quality graphics.

For many users who find the quality of the image from a PC-based system acceptable, the costs can be much lower. For example, IBM, together with Virtuality, a UK virtual reality company, is about to begin marketing a virtual reality development system costing between £6,600 and £55,000.

Prices are likely to fall further. "We want to make it accessible to more people by bringing the costs down," says Jon Waldern, managing director of Virtuality.

As with many new technologies, many potential customers will be tempted to wait until the price of virtual reality equipment falls and performance improves. But as cost becomes less of a deterrent, virtual reality looks set to become widely adopted as a practical tool.

Cleaner nooks and crannies

In Edwardian England, the streets were swept clean by the likes of Eliza Doolittle's father. In modern-day Japan, the job is done by large trucks equipped with water hoses and brooms that roam the streets at night.

But for the nooks and crannies which the heavy-duty cleaner trucks miss, Banzai, a Japanese manufacturer of automobile and leisure equipment maintenance machinery, has produced a powerful vacuum cleaner for use on the streets.

The Field Vacuum Cleaner has suction strength of 13cu m per minute. It sucks up everything from dead leaves to empty bottles, cans, water and sludge. It reaches under park benches and into corners of pavements and removes mud from the gutters.

The company started exporting the cleaner to France three years ago, where it is used to clean the debris stuck in the grooves of railway tracks, and to clear dog mess from the pavements of Paris.

The company started to sell in Japan after sales in France took off, and Banzai says it is now selling around 60 machines a month.

Buyers in Japan include companies that clean parks and office blocks, while golf driving ranges and tennis courts use it to retrieve players' balls.

The 70kg machine runs on a gasoline engine. The 3m hose, which weighs 3kg to 4kg, is supported by a rod extending from the cleaner. The refuse box inside the cleaner, which holds 120 litres, detaches from the machine for emptying.

Banzai warns that while the machine is suitable for cleaning small areas that are hard to reach, it is inadequate for efficient vacuuming of wide surfaces.

In Japan, the cleaner costs Y780,000 (£4,936).

Emiko Terazono

MANAGEMENT

A word in Tony's ear

Kevin Brown offers tips on how to influence Britain's Labour party

So you want to lobby the Labour party? You are not alone. With Labour nearly 30 percentage points ahead of the Tories in most opinion polls, businessmen have been queueing up to talk to the people many expect to form the next government.

It was not always like that. Michael Heseltine, quick to spot an opposition weak point, raised a big laugh only a couple of years ago by poking fun at Labour's attempts to make business converts by dining in boardrooms – the so-called prawn cocktail offensive.

"Never have so many crustaceans died in vain," Heseltine told the Commons in a hilarious skit on the campaigning efforts of the late John Smith, then shadow chancellor, and Margaret Beckett, his deputy.

The jibe prompted Tory cheers – and not a few wry grins from Labour MPs – because of the widespread view that any hope of cordial relations between the party of trade unions and its class enemy was a joke.

But Labour is having the last laugh. The charm offensive launched by Smith was continued when he replaced Neil Kinnock as leader after the 1992 election, and put into overdrive when Tony Blair took over in the summer.

Even Robin Cook, one of the more traditionally minded of Labour's leading figures, undertook a protracted tour of Britain to consult small business – an undertaking inevitably dubbed Labour's Cook's tour by Commons wags.

"For a long time in the 1980s Labour had very little to do with business; frankly, they thought we had two heads, and that was what the prawn cocktail offensive was designed to overcome," says a senior Labour official.

"Things have changed a lot recently, partly because people now see us as serious contenders for government, and partly because of the perception that the party under Tony's leadership is more interested in a healthy business sector."

Roland Wales, director of policy development at Labour's London headquarters, says the party welcomes the increasing number of approaches from business because "it is in our interests for our policies to be well thought out".

But it is important to go about it in the right way. So here are some tips for those who spent the 1980s ignoring the people's party but now want to make their voice heard.

- Don't bother with lobbying companies. Kinnock's office had an iron rule of never dealing with them. Blair's Labour party is more flexible, but the lobbyists will probably be wasting your time and money.

Senior officials say that most businessmen will probably be given lower-level access through a lobbyist than through a direct approach. But consultants can be useful to businessmen who don't know how the party works.

Charles Clarke, who worked for Kinnock and now runs Quality Public Affairs in London, advises clients seeking to influence Labour to steer well clear of the mushrooming lobbying industry. "A lot of people are fobbed off by lobbyists with cocktail party contacts, which are usually a waste of time. You have to make your case, and you have to make sure you are making it to the right people," he says.

- Don't make unsolicited personal approaches, especially to people's homes. "Once or twice we have had people who come to the front door and demand to see us, which is not a terribly helpful way to go about it," says Wales.
- Never offer inducements (although a slap-up meal will not be refused). Labour frontbenchers and officials believe they have the government on the run in the sleaze battle. They want to be in government too much to risk doing anything questionable, even if they are tempted.
- Do remember that there are several ways of influencing policy development. For most companies, the best will be via the party headquarters policy unit or the shadow minister who speaks for Labour on your subject.

But Labour also has a standing Industry Forum specifically designed to foster contacts with business. And there are usually a number of consultation exercises going on – the current crop includes health, the economy and crime.

Fergus Wilkie

Is Tony Blair for turning? Sometimes it may be better not going to the top

Never offer inducements. Labour frontbenchers and officials believe they have the government on the run in the sleaze battle. They want to be in government too much to risk doing anything questionable

- Do make your initial contact in writing. Labour is short of resources, so don't expect a lengthy reply, but shadow ministers and officials say they respond to all their letters eventually – and they will meet you if you have something worthwhile to say.
- Do make sure you have worked out clearly what your concerns are, and that your arguments are cogently explained. Many business people apparently think their views are self-evidently correct, especially if they usually talk only to Tories.
- Do identify carefully who you need to talk to. Remember that each shadow minister has a team of front-bench MPs to assist him or her. Sometimes you can make your point better by *not* going to the top.
- Do remember that officials can be useful points of contact, too. Access to Blair is tightly controlled, for example, but you might have more luck with David Miliband, the leader's young and imaginative head of policy.

There are also some very influential MPs in apparently junior positions. Formally, for example, Peter Mandelson, the MP for Hartlepool, is a mere junior whip. But he is also an intimate confidant of Blair, with far more influence than most members of the shadow cabinet.

- Do remember the regional approach. If you are based in Scotland, try approaching George Robertson, shadow Scottish secretary; from Wales try Ron Davies, shadow Welsh secretary; from Northern Ireland try Mo Mowlam, shadow Ulster secretary. London has its own shadow cabinet spokesman – Frank Dobson, who also handles transport.

And finally, do make sure that a senior executive makes the approach. Socialists are like everyone else, they like to have their egos massaged.

CHRISTOPHER LORENZ

The difficult art of skills transfer

Why did General Motors flounder so badly in the US throughout the 1980s, while its European offshoots prospered mightily? Only in 1991, when the parent company was about to hit the crash barrier, did it start to learn managerial lessons from Europe.

They included the need to import Opel's notorious cost-cutter, José Ignacio López de Arriortúa – who after a few instructive months defected noisily to Volkswagen.

Why has Ford suffered from a mirror-image of the same problem? The US parent company revitalised itself a decade ago through a string of far-reaching changes – including the introduction of teamwork and total quality – but its European arm adapted far less successfully, and has performed in lacklustre fashion as a result.

The reasons are not peculiar to the motor industry. Nor are they simply explained by geography – that is, the thousands of miles that hamper effective communication between locations such as Detroit and Germany, even in this electronic age.

Instead, the causes are generic. They afflict almost every large organisation, not only those with a far-flung network of units, but also those with a diverse range of businesses in the same country. Even similar units on the same site can be affected.

The problem is that the transfer of skills and practice between businesses within a company is far trickier than most people realise. In some respects, thanks to the glamour of competitive benchmarking, it is harder than learning lessons from outside.

This is not merely a matter of the ubiquitous "not invented here" syndrome interfering with internal organisational learning, although that does always create a powerful barrier. There is far more at fault: poor understanding of what really constitutes "world class" practice; head offices that have no idea how to encourage the transfer of skills between their business units; and a long list of other value-destroying problems.

Many of them have been investigated in unusual depth in a two-year study of "intra-firm transfer of best practice" carried out by Gabriel Szulanski, a researcher at Insead, a leading European business school. His report will shortly be published by an arm of the American Productivity & Quality Centre*.

The study finally dispels the widespread myth that companies can breed best practice just by designating internal "centres of excellence" for particular skills and know-how, and then letting them disseminate it to eager internal customers.

Szulanski examined 122 transfers of 38 technical and managerial practices in a range of US and European companies including AT&T Paradyne, BP, Chevron, EDS, Rank Xerox, Sprint and Banc One, an Ohio group known for its transfer mechanisms. In descending order of difficulty, the following problems emerged:

Head offices must tread a knife-edge between inadequate involvement and over-interference

- Inadequate "absorptive capacity" on the part of the recipient unit. Szulanski uses this term to describe its ability to identify and implement the practices in question.
- Inadequate understanding of the practice, either on the part of the recipient unit or of the provider. Detailed operating procedures for the practice may not be available, and the skills and resources needed to perform it successfully may not be listed properly.
- The quality of the relationship between the two units in any transfer. One or both of them may not be keen to collaborate, and to assign good personnel to the project. Even if they are enthusiastic, communication may not be well-established or easy.
- The recipient unit may be considered unreliable by the provider.
- The provider may lose its initial enthusiasm because it has to carry too much of the financial burden.

Another finding was that it took an average of 27 months for a unit or company to recognise the existence of an opportunity to transfer best practice, and another nine to implement the transfer.

Coming from a bunch of supposedly leading companies, this is a pretty sorry catalogue.

Puzzlingly, the study pays only scant attention to one of the most important factors in the transfer of best practice: the parent company's effectiveness in fostering it.

Szulanski calls this the "organisational context" within which transfers occur, or fail to. He finds that those "mandated" by the organisation are less difficult than optional transfers, but that neither are as successful as "strongly suggested" and spontaneous ones.

This conclusion begs a series of important questions about the role of head office. They are covered much more fully, under the jargonistic title of "linkage influence", in *Corporate Level Strategy***, a new book reviewed on this page on October 5.

Among other examples, it cites Banc One's use of an unusually detailed monthly reporting system to pressurise all its affiliates to gauge their performance against other units, and to identify good exponents of the practices that they need to introduce or improve.

But such centralised procedures can have their downside. The book warns that managers in some companies admit they deliberately conceal potential transfer opportunities for fear of losing control to some centralised procedure.

One executive is quoted as saying: "I would always prefer to deal with an outsider because you don't have to watch your back on the political issues."

That was part of the sad reality at GM and Ford in the 1980s, as it still is in most companies. It means head offices must tread a knife-edge between inadequate involvement and over-interference. Both Detroit giants are now striving to do just that.

**In Houston, Texas. Fax 713-681-531.*
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هكذا من الأصل

ARTS

It's not theatre, sir, it's an opera

Director **Richard Eyre** is making his debut at Covent Garden next Friday

My late and much lamented near-namesake, Ronald Eyre, used to say that directing opera was like inflating a plastic elephant. Before I started to direct my first opera I thought I knew what he meant, and I thought I agreed with him.

I once did a show with Ken Campbell which did indeed require the inflation of a plastic elephant: it was tossed out into the auditorium at the end of the show and bounced about by the audience above their heads. It was a brief gesture, which required a disproportionate amount of effort on the part of the elephant's minder, Mavis. She started mid-morning repairing the small tears from the previous night's exertions with with a bicycle repair outfit. She then plugged the beast into an air-compressor and waited patiently for the plastic pachyderm to achieve its majestic, fully inflated, form, only to see it deflate, devoid of dignity, during its nightly appearance – a process, at least for Ron, remarkably similar to directing an opera.

I have always had powerful prejudices against opera. Stuck for a conversational diversion, I once asked Princess Margaret – a noted (or notorious) balletomane – if she liked opera: "Can't stand it. A lot of frightfully boring people standing still and yelling." Blunt perhaps, but not a universe away from my own feelings at the time.

Being marinated in the art of theatre, and nourished by an aesthetic of "truthfulness" – however relative, and however pretentious – I was unsympathetic until recently to a medium which transparently is not concerned with holding the mirror up to nature. Opera seemed to me to depend on the audience's acceptance of an elaborate conceit. The motor of "music theatre" is music rather than theatre, and the making of music seemed to me to have little in common with the making of theatre. Music does not have to have a point; that is its point, the music. With good music, as Auden says, you have only to listen to it, and be grateful. Theatre, on the other hand, prospers, or labours, under the despotism of logic: it maintains a stubborn dependence on plot, which in many operas delights in its obscurity and revels in its resistance to common sense. And if its plots often appear absurd, its passions often seem either histrionic or bathetic.

I was uneasy about an entertainment which employed so many people to achieve its effects, and could be as unwieldy as an aircraft carrier. I was uneasy too (and remain so) about the cost, swollen not only by the numbers involved, but the need to submit to fees dictated by the international market. And to be honest, I have been put off opera not so much by the activity itself, as by the personality of some of its propagandists – the fans, the enthusiasts who criticise and catalogue every performance with the joyless pedantry of armchair cricketers pouring over their Wisdens.

However, I've become a convert. It is still unlikely that you will find me in future years in the Crush Bar extolling the virtues of Otto Schweppes' Leporello, castigating Helga Haagen Dazs' Marschallin, and minutely examining the flaws in *Guido Gamforalaf's Ring*, but I have lost my heart to at least half a dozen works, not all of them by Mozart or Verdi.

I have come to accept that opera is a world like any other; like the theatre, opera has its own partiality, its own criteria, its own forms of truth and of excellence, no less exacting, and no less rare than in the theatre. I have recognised that I have earned Matisse's rebuke to the woman who complained that an arm in a painting of his was out of proportion to the body: "It's not an arm, madam, it's a picture." Opera is its own thing and it is as fruitless to blame it for not being like theatre as it is to blame theatre for not being film, or a melon for not being an orange.

My conversion has occurred through the sorcery of Sir George Solti, who, after a flirtation with me over *Falstaff* in Salzburg, lured me into directing *La Traviata* at Covent Garden: "I have never conducted *Traviata*, you have never produced it: together we will make our first *Traviata*." I have not regretted it, and I will never tire of watching him at work with the orchestra and singers – punching the air, on his toes like a boxing trainer, singing and shouting like a muezzin. "Play this *forte*," he crowed to the 'cellos, "Break your wrists and break my heart." I enjoy as much our minutely detailed discussions about the meaning or value of a note, a word, a gesture; it is an obvious and extraordinary pleasure to work with a great conductor, but it is as rare and as important to work with a great collaborator.

"It's too early to jubilate about this enterprise," Solti has said to me. I can jubilate privately that my prejudices against opera have been cast off and my worst expectations have been defied: instead of a soprano the size of a Wessex saddleback, I work with one who has a large and beautiful voice and a waist the size of a teapot, the tenor has a modest ego and a voice as unforced as a mountain stream, the chorus are cooperative and inventive, and rehearsals have been free of operatic (or theatrical) tantrums.

In one sense Ron was right: there is something of the elephant about opera – an awesomely large, sometimes cumbersome, and sometimes heart-stoppingly beautiful animal. But there is far too much poetry about it to be rendered in plastic, and directing it does not seem like pumping up an inflatable, however much huffing and puffing it involves. It is much more unpredictable than that: like getting an elephant to dance on a tightrope. Oh yes, and sing too.

Portia (left). This is not just another terrible staging: it is like staring into a nightmare of the future — Alastair Muir

Theatre/Alastair Macaulay

Peter Sellars's 'Merchant of Venice'

It was to be predicted that Sellars's staging of *The Merchant of Venice* would prove slow, post-modern, agenda-ridden, Americanophobe, heavy-handed, poorly performed, insensitive, untheatrical, unspontaneous, unShakespearian, and unoriginal; and so it proved. (About one-fifth of the audience left at the interval.) But – unlike, say, the Dusseldorf *Romeo and Juliet* – this is not merely another terrible staging. Watching the Sellars *Merchant* is like staring into a nightmare of the future.

You may not be surprised to hear that his Venice is Californian, and his Shylock black. Or that, in the trial-scene speech on "purchas'd slaves", Shylock intones the single phrase "Let them be free!" three times (Shylock as Martin Luther King – natch) – while videos show us President Bush apparently urging on the cops to smash Black Power demonstrations.

As usual, Sellars is bending works of art to suit his own unyielding agenda: i.e. to broadcast his own p.c. guilt at white supremacism, and to express his own convictions that the Americanisation of world culture is destructive.

The problem, it must be stressed, is not Sellars's agenda but the dull crudity with which he bashes it home. He works not as an artist but as a demagogue. (The notion that Shylock is more sinned against than sinning - scarcely new - was central to David Thacker's recent RSC production.) It is interesting that – as in Jude Kelly's haunting West Yorkshire Playhouse staging in March – Sellars maximises the homosexuality of the Antonio-Bassanio relationship, and underlines the angst that afflicts Portia when she realises what she has married into. And he takes some of them further. But, whereas Kelly's emotional drama was as taut as a thriller, Sellars makes it monolithic.

As always, his conception of character is one-dimensional. As always, he seems to dislike virtually every character onstage. Antonio is the worst villain, of course, being chief capitalist manipulator. But Portia is lachrymose from start to end. (When she and Nerissa snap into a bit of rap as they prepare to don men's clothes, it is a mere shtick, true to nothing in her character elsewhere.) Shylock is a solemn, orthodox bore, and at his dullest when (twice) he breaks down about Jessica's defection. "Hath not a Jew eyes?" is delivered straight to a video-camera, and relayed on the 15 screens dotted around the stage and auditorium: very measured, it sounds like something Shylock had said a million times before.

Nothing here is spontaneous. Sellars keeps making speeches sound deliberately phoney. Antonio's friends and Portia's suitors are image-conscious, forever addressing video monitors. Salerio, Solanio and others keep turning into TV reporters. Sellars is, presumably, making points here about the terrible way in which modern living is indeed being geared for perpetual broadcast. (A few of them are funny, as when Salerio-Solanio do one duet scene like a creepy pair of breakfast-TV hosts.) But, since he has all his actors speak with microphones heavily amplifying almost everything, so that they sound broadcast-oriented and pre-recorded, he commits the sin he satirises. Meanwhile, the immediacy of poor Shakespeare's lines is wholly ignored. Live theatre has never felt less live than in Sellars's hands.

Yet the fact that Sellars has zero sense of Shakespeare is, in this context, a minor felony. He is, after all, only treating the Bard the same way that he has been treating Aeschylus, Handel, Mozart, et al. No, Sellars's main crimes are not against artistic text but against human spirit. The dreary inflexibility of each stage character, the deliberate lack of spontaneity in his world, the relentless wise-guy irony of his every production, the appalling need to twist ambiguous texts to make monotonously white-guilt and Americanophobe points: these factors are symptomatic of the worst tendencies of our increasingly politically-correct and post-modern era. They express a kind of modern cultural Stalinism that – though it intends merely to oppose the worst of Eurocentric traditions – is actually hostile to civilised values. I do not exaggerate when I say the following: to watch Sellars's work, like that of the choreographer William Forsythe, is to feel that the next dark age is already upon us.

Barbican Theatre until Saturday.

'Saison Russe' in Paris

Clement Crisp reviews the Kirov Ballet's 'Bakhchisaray' and 'Coppélia'

An important *Saison Russe* (shades of Diaghilev in 1909) has started in Paris. The opera and ballet troupes from the Mariinsky/Kirov Theatre, complete with orchestra, are installed at the Théâtre des Champs Elysées until the end of December, and will make intermittent forays into the regions.

The opera repertory is significant: *Sadko*; *The Invisible City of Kitezh*; *The Queen of Spades*; *Khovantschina*. The three ballet offerings are less impressive, though none has before been shown in the west by the Kirov. I saw the old (1934) *Fountain of Bakhchisaray* and a new (1993) *Coppélia*; the remaining item, Vainonen's version of *The Nutcracker*, turns up in December.

Fountain of Bakhchisaray is an intriguing example of Soviet ballet because it was made when creative artists were shackled by Stalinist aesthetics and the theory of "socialist realism", where art for the people valued political correctness above all else. *Bakhchisaray*'s theme was "correct" because taken from Pushkin. Tartar horde ravages Polish manor house, and kills everyone save the fair Maria, who is lusted after by their Khan Guirey. End of Act 1. Act 2 is set in Guirey's harem where his chief mistress, Zarema, takes on alarmingly at the arrival of Maria, who shrinks from every Tartar suggestion. In Act 3, Zarema kills Maria in a fit of jealousy. She, in turn, is tossed from the castle walls. Guirey mopes, and has a fountain installed to remind him of events – a happy combination of sentiment and sanitation.

The ballet has been popular since its first performance, when Ulanova was the exquisite Maria. Rostislav Zakharov's choreography and Boris Asafiev's music were of their time and, not surprisingly, unadventurous. The Bolshoi brought the ballet to London in 1956, and it was memorably danced by Struchkova and Velta Viltsin as Maria and Zarema – the roles are matched in much the same way as Nikiya and Gamsatti in *La Bayadère* – and by a tremendous collection of men as Tartars, led by the magnificent Alexander Lapauri. The Bolshoi's style then – dramatically weighty, intense in meaning as in dynamics – exactly suited Zakharov's dances, which smacked of the silent cinema but were effective for all that.

The Kirov's account, looking cramped on the Champs Elysées' stage, was unconvincing. The Polish dances were daintily trodden on the spot, and neither Julia Mikhalina as Maria nor Viktor Baranov as her fiancé Vaslav, were anything but visitors to their roles. The subsequent acts, which look like fuzzy memories of *Scheherazade* for the harem and *Bayadère* for the confrontation between Maria and Zarema, went for little. It was the Zarema of Sylvie Guillem, a guest with the Kirov, who provided the glamour and sheer physical drive that can make the piece credible. Zarema was one of Plisetskaya's great roles, which suggests something of its potential. Mlle Guillem indulged herself, and gave resonance to the part.

The music is tuneful and efficient, but thin. The staging looked no less thin (the original designs, with Bakstian moments, by Vera Khodasevich are still used) and the burning of the manor at the end of the first act, which made us gasp in 1956, is now as uninteresting as the Polish dances which precede it. The way of preserving these old but significant pieces is something which Russian ballet will have to consider very seriously. This touring version is an unworthy lightweight.

About the *Coppélia*, given in a new staging by Oleg Vinogradov, the ballet's director, I find it difficult to comment. In the right hands it is the most joyous ballet. It has been absent from the Mariinsky stage for 60 years, but the traditional Petersburg version exists in notation and memory. It is cogent as drama, touching, and above all, happy. Vinogradov's version is confused, conscienceless – Delibes' perfect score is Frankensteined, with bits chopped, re-positioned, and disfigured with one egregious interpolation – and cursed with choreography where manic vivacity is no substitute for heart, grace, wit, sense.

Many dancers rush about the stage in tasteless and complex costuming by Irina Press. Vinogradov – whose patron is St. Vitus – repeats his usual choreographic tricks of ceaseless and crude activity. The delightful Irina Shapchits is lost as Swanilda, and is required to behave like an apprentice termagant. Mikhail Zavialov is a featureless Franz, and he has a quartet of friends who dance well. Coppelius is Woody Woodpecker impersonating Voltaire. Delibes is made to sound glossy, brisk and unfeeling by the orchestra under Alexander Viliumanis. And that is exactly the way in which Vinogradov misinterprets and destroys this beautiful ballet.

Recital/John Allison

Sedipova: singled out for praise

The love affair between the Wigmore Hall public and its Russian singers gets ever more intense. On Wednesday there was a new object of adoration, the soprano Valentina Sedipova, making her London debut during the Maryinsky-Kirov Series.

Sedipova, one of the seemingly endless supply of young Russian sopranos making an impact in the west, is a leading member of the Kirov Opera. Reporting from St Petersburg in February, Max Loppert singled her out for praise after her alluring Sea Princess in *Sadko*. This recital confirmed those impressions: hers is a well-supported voice, powerful and full of colour throughout its range.

She sang a fascinating programme that underlined the richness of Romantic Russian song. No less than seven composers were represented, including rarities by Sergey Taneyev, Alexander Grechaninov and Mikhail Ippolitov-Ivanov. Sedipova began, appropriately, with the "father of Russian music", Glinka: initial nervousness soon disappeared, and the soprano revealed a liveliness in "To her" and "Bolero". She caught the languid atmosphere of Taneyev's "Through the ethereal haze" perfectly.

Three familiar Tchaikovsky songs were given fresh treatment by Sedipova and her idiomatic accompanist, Larissa Gergieva. The soprano scaled down her voice for the light "Serenade", and opened it out again for the bursting emotion of "Whether the day reigns".

In the encores Sedipova finally allowed her operatic voice to come out. Santuzza, Cio-Cio-San and Gioconda were brought to impassioned life in full-throated Italianate singing. We must hear her at Covent Garden.

■ *The Maryinsky-Kirov Series is supported by the Regent Hotel (London) and British Airways (St Petersburg).*

London Philharmonic

Tuesday's review of the London Philharmonic Orchestra's concert at the Festival Hall was wrongly headlined "Chung conducts the Philharmonia".

INTERNATIONAL ARTS GUIDE

■ EXHIBITIONS

AMSTERDAM
Van Gogh Museum Odilon Redon (1840-1916): 180 works exploring the artist's development, sources and influences. Ends Jan 15. Daily
Stedelijk Museum Asger Jorn (1914-1973): retrospective of the Danish artist. Ends Nov 27. Daily
Rijksmuseum Decorated Paper: a remarkable collection of marbled, chintz and brocade paper manufactured in and imported into the Low Countries from the early 17th century. Ends Feb 12. Closed Mon
BARCELONA
Museu Picasso Picasso's Early Works: 220 drawings and paintings from the period 1890-1912. Ends Feb 12. Closed Mon (Carrer Montcada 15-19)
Museum für Gegenwartskunst Gary Hill (b1951): a series of new installations and videos by the American artist. Ends Jan 29. Closed Mon
BERLIN
Brücke Museum *Early Kandinsky*: a survey of a little-known period in the *German Expressionist's* development. Ends Nov 27. Closed Tues
Altes Museum Eldorado: pre-Columbian gold treasures from South America. Ends Jan 8. Closed Mon
BRUSSELS
Musée d'Ixelles Gainsborough to Ruskin - British Landscape *Drawings and Watercolours from* the Morgan Library: Constable, Turner and many other 18th and 19th century artists are represented in this exhibition of important works from the Pierpont Morgan Library in New York. Ends Jan 15. Closed Mon (rue Jean Van Volsem 71, tel 511 9084)
CHICAGO
Art Institute *Karl Friedrich Schinkel* (1781-1841): 100 drawings and prints by the influential German architect, on loan from public collections in Berlin. Ends Jan 2. Daily
FRANKFURT
Jüdische Museum The Rothschilds: an evocation in painting of the 250-year history of the famous Jewish dynasty. Ends Feb 27
Schirn Kunsthalle Nicholas de Staël (1914-55): retrospective of the Russian-born artist, documenting his intense but tragically brief career. Ends Nov 27. Daily
THE HAGUE
Mauritshuis Paulus Potter's *Animals: the first comprehensive* exhibition of the work of Potter (1625-1654), the animal painter of *the Golden Age in Netherlandish* art. Ends Feb 5. Closed Mon
HAMBURG
Kunsthalle *Rembrandt and his* Century: Netherlandish drawings *from the 17th century. Ends Jan 15.* Closed Mon
LONDON
National Gallery The Young Michelangelo. Ends Jan 15. Daily
Tate Gallery James McNeill Whistler: the largest collection of the American-born artist's work since the memorial exhibitions held after his death in 1903. Ends Jan 8. *Rebecca Horn: retrospective* focusing on her extraordinary machines and installations (coinciding with another Horn show at the Serpentine Gallery). Ends Jan 8. Daily
Hayward Gallery The Romantic Spirit in German Art 1790-1990. Ends Jan 8. Daily
Royal Academy of Arts The Glory *of Venice. Ends Dec 14. Italian* Renaissance Book Illumination. Ends Jan 22. Daily
Royal Festival Hall Käthe Kollewitz (1867-1945): a collection of the German artist's powerful and emotive prints. Ends Dec 4. Daily
MADRID
Fundacion Juan March Treasures of Japanese Art: 110 works from the 17th to 19th century, on loan from Tokyo's Fuji Art Museum. Ends Jan 22. Daily
MANNHEIM
Kunsthalle Neue Sachlichkeit - Figurative Painting in the 1920s: a survey of the realistic artistic movement which developed in reaction to German Expressionism. Ends Jan 29 (with a companion show at the Wilhelm-Hack-Museum in Ludwigshafen). Closed Mon
MANTUA
Palazzo Te Leon Battista Alberti: the first exhibition ever to be *devoted to the Renaissance genius.* Ends Dec 11. Closed Mon
MUNICH
Kunsthalle der Hypo-Kulturstiftung Edvard Munch and Germany. Ends Nov 27. Daily
Villa Stuck Tom Wesselmann: retrospective of the American Pop artist. Ends Jan 15. Closed Mon
Haus der Kunst Roy Lichtenstein retrospective. Ends Jan 9. Closed Mon
Lenbachhaus *Tanzania: 400* masterworks of African sculpture. Ends Nov 27. Closed Mon
NEW YORK
Metropolitan Museum of Art Origins of Impressionism: 175 paintings by Parisian artists of the 1860s. *Ends Jan 8. The Annenberg* Collection of Impressionist and Post-Impressionist Masterpieces. *Ends Nov 27. William de Kooning's* Paintings. Ends Jan 8. Painting and Illumination in Early Renaissance Florence 1300-1450: 100 panel paintings and manuscript illuminations by masters of the Gothic style, from the followers of Giotto to Lorenzo Monaco and Fra Angelico on the eve of the Renaissance. Ends Feb 26. The *Photographs of Edouard Baldus* (1813-1889). Ends Dec 31. Closed Mon
Museum of Modern Art *Cy* Twombly (b1929): retrospective of the American artist who moved to *Italy in 1957. Ends Jan 10. The* Prints of Louise Bourgeois. Ends Jan 3. Closed Wed
Guggenheim Museum *The Italian* Metamorphosis 1943-1968: a survey of visual arts in the postwar *period. Ends Jan 29. Japanese Art* After 1945 (at SoHo). Ends Jan 8. The main museum is closed on Thurs, the SoHo site on Tues
Brooklyn Museum Indian Miniature *Paintings: 80 jewel-like paintings* from the 15th to 19th century, all from the permanent collection. Ends Jan 8. Closed Mon and Tues
Jewish Museum Jewish Life in Tsarist Russia: costumes, household items, ceremonial objects, *illustrated* books and photographs on loan from the State Ethnographic Museum in St *Petersburg. Among* the more unusual objects are a Torah ark valance embroidered with the Tsarist crown. Ends March 5. Closed Sat
PARIS
Grand Palais Poussin: 400th *anniversary retrospective. Ends Jan* 2. Gustave Caillebotte (1848-1894): retrospective of the painter and *patron of* art who belonged to the circle of Impressionists. Ends Jan 9. Closed Tues, late opening Wed
Musée d'Orsay Forgotten Treasures from Cairo: a surprisingly rich collection of works by Ingres, Courbet, Monet, Rodin, Gauguin *and others. Ends Jan 8. Closed* Mon
Louvre British Art in French Public *Collections:* paintings by Gainsborough, Reynolds, Constable, Lawrence and Turner. *Ends Dec 19. Closed Tues (Hall* Napoleon)
Musée Carnavalet The English in *Paris in the 19th Century. Ends Dec* 11. Closed Mon (23 rue de Sévigné)
Musée d'art moderne de la ville de Paris *André Derain: 350 works* spanning his entire career, including a group of fauve works, three *versions of* "The Bathers", the Geneviève series and several self-portraits. Ends March 19. Closed Mon
Institut du Monde Arabe Delacroix *in Morocco: Delacroix's visit in* 1832, when he was 34, made a lasting impression on his art. Ends Jan 15. Closed Mon (1 rue des Fossés Saint-Bernard)
Petit Palais From Baghdad to Isphahan: 70 Islamic manuscripts evoking the ancient civilisation of central Asia, on loan from the Institute of Oriental Studies in St Petersburg. Ends Jan 8. Closed Mon
ROTTERDAM
Museum Boymans-van Beuningen From Van Eyck to Bruegel: 96 Dutch and Flemish paintings dating from 1400-1550. Ends Jan 22. *Alexej Jawlensky (1864-1941):* retrospective of the Russian-born artist who was a member of Kandinsky's circle in Munich. Ends Nov 27. Closed Mon
STOCKHOLM
Nationalmuseum Goya: 50 paintings and 60 prints, most of them on loan from Spain. Ends Jan 8. Erik Fleming: retrospective of the Swedish silversmith, who founded the Atelier Borgila in Stockholm in 1920 and made an 800-piece royal *silver service in 1932. Ends Jan 8.* Closed Mon
TURIN
Gallerie Civica d'Arte Moderna A Celebration of Art Nouveau: a re-evocation of an exhibition held in *Turin in 1902.* Ends Jan 22. Closed Mon
VENICE
Palazzo Correr Masterworks from the Petit Palais in Geneva: 70 Impressionist and Post-Impressionist paintings from the collection of the industrialist Oscar Ghez de Montenuovo, including works by Degas, Gauguin and Derain. Ends Dec 11. Daily
VIENNA
Kunstforum Herbert Boeckl: centenary retrospective of the Austrian Expressionist. Ends Dec 4. Daily
Kunsthalle Oskar Schlemmer: a comprehensive survey of the work of the Bauhaus artist, including sketches, watercolours, set designs and original theoretical writings on the theatre. Ends Jan 29. Closed Tues
Künstlerhaus Egyptomania: 300 exhibits showing the influence of Egyptian art on European painters, sculptors, authors and architects from the baroque period to the present. Ends Jan 29. Daily
WASHINGTON
National Gallery of Art Roy Lichtenstein's Prints: 90 works by the American Pop artist. Ends Jan 8. Milton Avery (1893-1965): 67 works on paper. Ends Jan 22. Daily
Freer Gallery of Art Chinese Calligraphy: the exhibition focuses on varied uses of calligraphy on 36 decorative and utilitarian objects from the 7th to 19th century. Ends next May. Daily
Textile Museum Native American Art from Oklahoma: works created since 1800 by the Apache, *Cheyenne and other tribes* who were forced to move to the Oklahoma Territory, where their art expresses tribal identity and Indian unity. Ends June 4. Daily
ZURICH
Graphische Sammlung der ETH Picasso's Women: a collection of prints. Ends Dec 23. Closed Sat and Sun

Pinch on pay

Robert Taylor says the stability in UK wage levels may not last

This week's batch of labour market statistics suggests the British economy may finally be achieving what most postwar governments have yearned for – sustained growth with falling unemployment, low inflation and above all relatively modest pay rises.

Mr Michael Portillo, the employment secretary, was quick to point out the benefits of moderation in pay: "Provided companies keep a firm grip on wage costs at all levels, economic growth will continue to feed through into jobs as well as rising prosperity."

However, while pay settlements are stable and there are few signs of industrial unrest, pressures for higher pay may be building up in the labour market over the coming year.

So far, there has been no steep upsurge in the level of wage settlements as the economy has revived. Annual earnings growth stood at 3.9 per cent in September. The underlying annual growth in manufacturing pay is now running at 4.5 per cent, nearly twice the inflation rate. However, this is only a quarter of a percentage point higher than at the same time last year, even though the recovery is now much further advanced.

Manufacturing productivity is rising at an annual rate of 6 per cent, impressive by recent British standards. This has meant falling unit labour costs in manufacturing, where wages and salaries per unit of output were 1.4 per cent less over the three months ending in September compared with the same period last year.

This is the greatest improvement since the current Department of Employment unit labour cost records began in 1970. It appears to mark a break from the past, when gains in productivity were outpaced by pay increases.

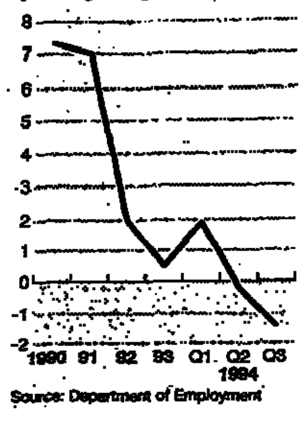
In spite of the modest pay settlements, there are no signs of widespread industrial unrest. In September, just 17,000 days were lost in just 13 strikes involving 8,000 workers, the lowest since the government started collecting figures. The sporadic disruption by rail signalling staff this summer does not appear to have sparked a wider strike-wave.

The Engineering Employers' Federation is confident that there will be no pay escalation in manufacturing in the immediate future. Independent forecasters such as Incomes Data Services expect settlements to remain stable, though slightly above the inflation rate.

Even in the public sector, where the government has imposed a three-year freeze on the pay bill, there is apparent calm. Threats of resistance from the public service sector unions appear to have ebbed.

UK's falling labour costs

Wages & salaries per unit of output (percentage change on previous year)



Source: Department of Employment

What there has been is a loss of more than 420,000 public sector jobs in the first 18 months of the freeze, which have helped to fund pay increases. Public sector pay has therefore risen in line with wages in the private sector without any increase in the total pay bill.

Yet despite this apparent stability and self-restraint on pay, there remain worries about future trends.

Mr Howard Davies, director-general of the Confederation of British Industry, continues to warn employers about the need to rein back what he sees as "upward creep" in pay settlements. He points out that German and US unit labour costs have fallen even more than the UK's in recent months, while British productivity remains well below the country's main competitors.

There are also concerns – expressed at this month's CBI conference by its president, Sir Bryan Nicholson – that high pay rises for top executives unrelated to company performance may stoke up pay demands from the rest of the workforce, as the gap widens between the top and lower ends of the earnings ladder.

Some pay negotiations this autumn have aroused fears of an upward trend in settlements. In September, Rover group car workers only narrowly accepted a two-year wage deal worth 10.7 per cent. Talks are continuing at Jaguar, where workers have rejected a 7.5 per cent pay package recommended by their union negotiators.

In both cases, shopfloor workers said they were less concerned with the pay offer than the changes being demanded of them in longer hours of work. "There are signs that workers elsewhere are less willing to accept workplace restructuring unless it is rewarded by higher pay," says Mr Alistair Hatchett, editor of Incomes Data Report.

Changes in the workplace have also made it harder to read pay trends. The demise of national or industry-wide pay bargaining in recent years and the government's active encouragement of decentralisation and performance-related pay in the public sector mean that wage bargaining is increasingly carried out at local level.

This makes it more difficult to generalise about what is happening to pay levels across the country. But it may also be storing up discontent for the future if some groups are doing better than others because of local conditions. "In the past people felt their pay was related to a concept of what was fair. National agreements reflected that feeling," says Mr Chris Trinder, research director of the Public Finance Foundation. "Now on pay they are finding themselves very much out on their own."

Mr Hatchett says there is "immense frustration" among employees over pay at the moment. This view is reinforced by the latest British Social Attitudes Survey, published this week, which reveals an anxious workforce increasingly concerned about widening pay differentials, matched by fears about job security.

It may be premature to conclude the UK economy is free at last from pay-push inflation and the concept of the going-rate. Wage expectations are less ambitious than they used to be, perhaps because for the time being most workers seem more concerned with their job security than big pay rises.

Complex pressures led 18 Asian-Pacific countries to form the Apec trading bloc, says Guy de Jonquieres

Different aims, common cause

A year ago the Seattle summit, this week the Jakarta summit, and now a big bang: all trade and investment is to be liberalised in a region accounting for half the world's economic activity.

It is little wonder the 18 leaders at the Asia-Pacific Economic Co-operation forum felt exhilarated.

The final statement required a consensus across enormous political and economic diversity, between countries with some seriously strained relations. Ranging from the US and Japan, two of the world's richest economies, to China, Indonesia and Papua New Guinea, with among the lowest per capita incomes, Apec's members have reached agreement at remarkable speed.

Their differences, and the extended timetable envisaged for liberalisation, raise questions about whether the plan can ever be fully realised. It calls for Apec's industrialised members to remove their trade and investment barriers by 2010, and for developing economies to do so by 2020. By then, most of the leaders who met in Jakarta will be long out of office, forgotten or dead.

However, the importance of this week's decision lies less in the long-range targets that it set than in the commitment of Apec leaders to a continuing process of high-level negotiation. By calling for a detailed blueprint for regional liberalisation before their next summit, in Osaka a year from now, they have obliged themselves to produce at least some tangible short-term results or risk loss of political face.

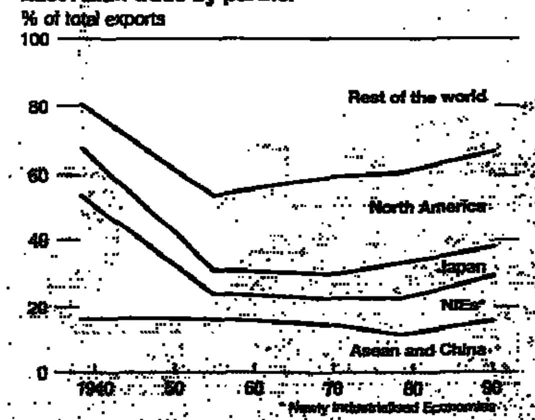
That they have got this far is due to the convergence of a complex set of domestic and external pressures. Last year's Seattle summit was prompted by a common desire to kick-start the Uruguay Round negotiations, which were then stalled. Many Apec members believe that, by presenting a united front in Seattle and hinting that the grouping could become an alternative to the General Agreement on Tariffs and Trade if the round failed, they prodded the EU into making the concessions needed to conclude the world trade talks.

Beyond that, the 18 governments' motives differ. The US views Apec primarily as a tool for prising open fast-growing Asian markets and for pressing Europe into further trade concessions. Australia broadly shares these objectives and

Apec: the new trade giant

East Asian trade by partner

% of total exports



Intraregional trade

% of total world trade

	1960	1970	1985	1990
East Asia	2.9	4.2	6.4	7.9
North America	6.9	4.2	6.4	5.3
Pacific region	16.9	15.6	24.9	24.8
Western Europe	26.7	29.3	27.4	33.8

Source: World Bank staff estimates, Feer

President Clinton and Indonesia's President Suharto

also sees the grouping as a way to prevent economic isolation by establishing itself as part of the Asian region.

But for Japan and many other Asian countries, the main purpose of Apec is to guarantee their access to the US market. They hope the grouping will keep US trade policy engaged internationally,

The US views the group mainly as a tool for prising open fast-growing Asian markets

at a time when Washington's commitment to multilateralism appears increasingly ambivalent. China, meanwhile, believes that Apec membership will help buttress its bid to join the new World Trade Organisation, which is due to succeed the Gatt in January.

Satisfying these disparate aims may not be easy in a grouping that prides itself on operating by consensus and is keen to avoid institutionalised decision-making. That consensus has already been strained by the evident reluctance with which Dr Mahathir Mohamad, Malaysia's prime minister and long a sceptic about Apec's ambitions, went along with this week's summit declaration.

How deep the 18 countries' differences run may become clear soon, when they start trying to hammer out a trade liberalisation programme. They face a daunting set of challenges. There is no agreement yet even on how far the plan should cover services as well as goods. Nor is there any decision on how to tackle agriculture, a sector that is highly protected and politically sensitive in much of Asia. Equally uncertain is whether the US will consent to curbs on its increasingly frequent use of anti-dumping measures against low-priced imports, most of them from Asia.

The crunch question, though, is how far the benefits of freer trade within Apec should be extended to the rest of the world. This week's summit firmly rejected any move towards an inward-looking trading bloc. It declared that the removal of barriers in the region should be fully consistent with Gatt principles and designed to strengthen the multilateral trade system. The implication, to which most Apec members subscribe, is that the goal should be to

Many Asian members want to keep Apec as open as possible to the rest of the world

achieve enough progress to trigger another Gatt world trade negotiating round.

Views diverge widely, however, on how this objective should be achieved – and, by extension, on what sort of creature Apec should aim to become. The US, and to some extent Australia, believe Apec should offer the benefits of its planned liberalisation to non-members only if they first agree to reciprocate by opening their own markets further.

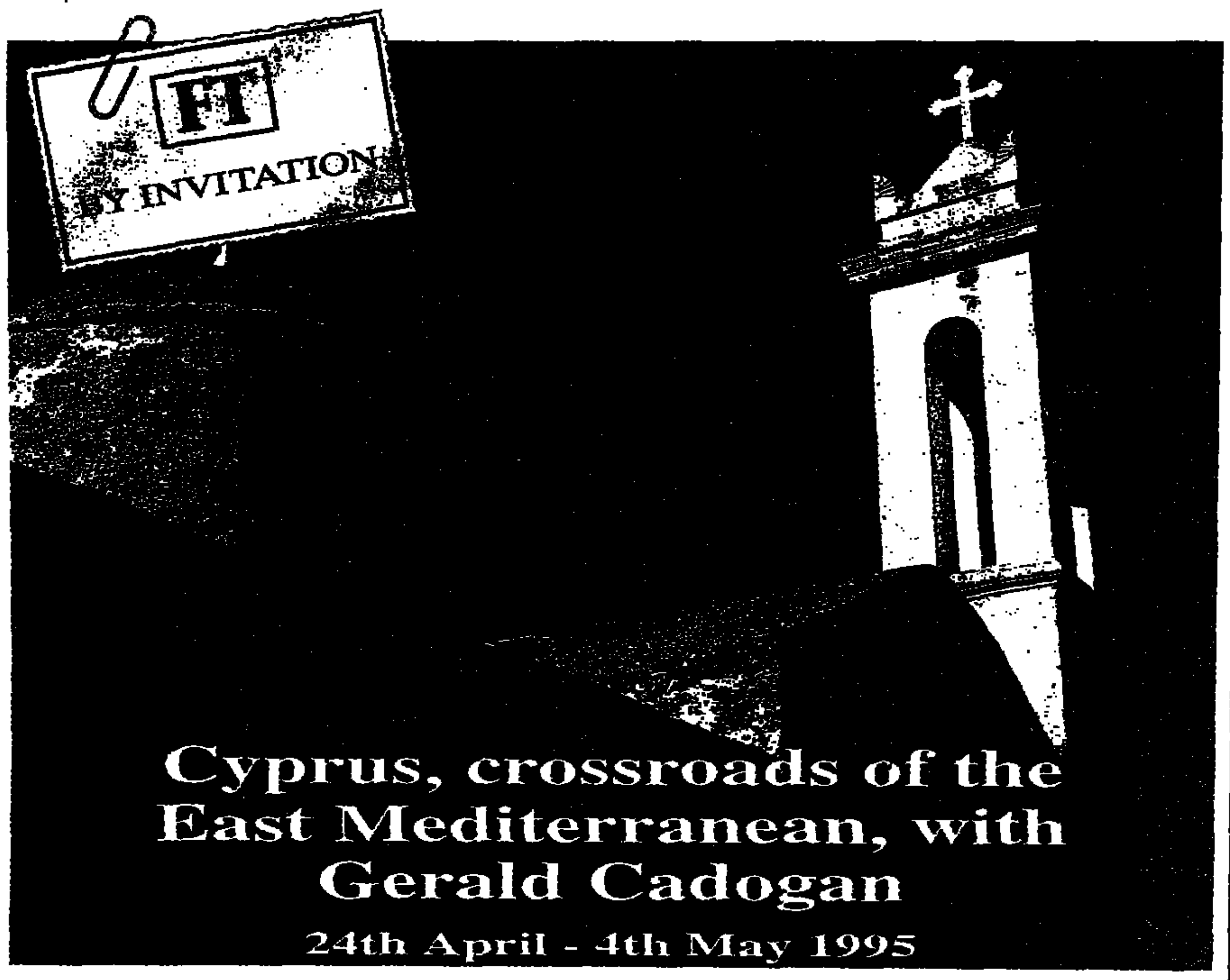
In Washington's case, this view is heavily coloured by domestic politics. The timetable agreed this week would oblige the US to remove barriers to imports from China and other developing countries 10 years before they opened their markets fully to US exports. The belief is that Congress would approve such a deal only if Apec also promised to help the US extract bigger trade concessions from other trading partners, notably in Europe.

However, such an approach could accentuate concerns that the US will use Apec to narrow further national interests. Though fears of US domination are voiced openly only by Dr Mahathir, they are shared privately by countries such as Japan and China. Both have already been targets of increasingly aggressive US trade diplomacy, backed by the threat of unilateral trade sanctions.

As a result, many Asian members are anxious to keep Apec as open as possible to the rest of the world and to ensure that it does not undermine the pre-eminence of the Gatt and the WTO. Indeed, Thailand argues that the grouping's priority should be simply to build support for another Gatt round, after which it should take a back-seat role.

For all these reasons, there seems little immediate likelihood that Apec will develop into a bloc that is bent on putting its members' interests above those of the world economy as a whole. The prognosis could change quickly, though, if the US Congress failed to ratify the Uruguay Round in a fortnight's time. In that event, the risk of indefinite further delays and uncertainties about the future of the Gatt could induce some Apec countries to look again at the grouping as an alternative to the multilateral trade system.

But even if that does not happen, Apec's leaders will remain under pressure to keep up the momentum generated by this week's summit. Though success is far from guaranteed, so much political prestige has been invested in the enterprise that the fall-out from outright failure would spread right through the Pacific rim region, and quite probably beyond. If only for reasons of self-esteem, that is a risk none of the leaders can contemplate with equanimity.



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No power to block the poll tax

From Lord Lawson.

Sir, In his interesting review of *Failure in British Government: The Politics of the Poll Tax* (November 17), my former cabinet colleague, Kenneth Baker, writes: "The Treasury was not helpful: Nigel Lawson, then chancellor, opposed the poll tax but was not prepared to block it."

As I recount in my memoirs, I did everything I could to stop the poll tax. However, the novel constitutional doctrine that chancellors have it in their power to "block" a proposal which has the enthusiastic backing of the prime minister, supported by an overwhelming majority of his or her cabinet colleagues, is (perhaps regrettably) unfounded.

Lawson,
House of Lords,
Westminster, London SW1

View on Apec is a classic example of 'Eurocentrism'

From Mr Edward Gilly.

Sir, I suspect that your leader, "Apec and Europe" (November 16), will have engendered a considerable amount of mirth among businesses and governments in Asia and the Pacific. After claiming rather patronisingly that "any kind of discriminatory arrangement within so large a part of the world's economy would be undesirable", you suggest that "Apec should be a catalyst for global negotiations and neither a substitute for such negotiations, nor an independent forum". Good heavens, no.

After all, you then add "the only outside entity capable of insisting upon this is the EU", and we all know how deeply the EU is committed to free trade: ask the Cairns group.

Your leader is a classic example of what we poor countries in Asia and the Pacific sometimes call "Eurocentrism". Dr Mahathir, prime minister of Malaysia, is trying to make a point, you know; perhaps one day you will understand it.

Edward Gilly,
Suite 15,
Edgecliff Mews,
201 New South Head Road,
Edgecliff, NSW 2027,
Australia

Statistics burden is no greater

From A H Cowley.

Sir, Ms Carole Macpherson (Letters, November 15) claims that the Intrastat system for the collection of European Union trade statistics is a greater burden on business than the old system which operated prior to completion of the single market. We do not believe this is the case.

Under the old system customs declarations had to be made in respect of each consignment. Most businesses employed agents to submit these declarations. The agents, of course, charged for providing this service.

An indication of the scale of the activity is that 7m import and export declarations a year were abolished with the advent of the single market.

Under the new system only larger businesses, some 30,000 out of the 150,000 companies engaged in EU trade, have to complete the Intrastat declarations, which are considerably less detailed than the previous import declaration and only have to be submitted once a month.

However, most businesses involved in the new system have chosen to complete the Intrastat forms themselves.

Ms Macpherson is correct in pointing out that there were start-up costs to be borne by bringing this work in-house. However, the analysis of costs that we conducted, in consultation with business before introduction of the new single market and subsequently revalidated, showed these initial costs rapidly being converted into a continuing annual saving.

Finally, we have followed a policy of a "light touch" on enforcement while the new system has bedded in, but we believe the contribution of those who have made an effort to comply with the new system would be devalued if we were not to pursue the non-compliants, now less than 1 per cent of the total.

A H Cowley,
controller,
tariff and statistical office,
HM Customs & Excise,
Room 617, Portcullis House,
27 Victoria Avenue,
Southend-on-Sea,
Essex SS2 6AL

Losing faith in reading

From Dr Dolores Rafter.

Sir, Your paper should carry the following warning: "This paper can seriously damage your faith." Hardly a month goes by without some so-called agnostic "scientist" or "philosopher" insulting those of the Christian faith. I doubt if any other religion would tolerate such scorn as levied by the "philosopher" on the back page interview of last weekend's paper (Private View, November 12/13).

Dolores Rafter,
Haristown Medical Centre,
2 Hazelwood Avenue,
Clonsilla, Dublin 15,
Ireland

A delightful view of Lear

From Mr Kumon Tokumaru.

Sir, Your review of *The Tale of Lear* by the Suzuki Company of Toga (Arts: "Suzuki's austere 'Tale of Lear' ", November 11) reminded me of the analogy of the father meeting his daughter's fiancé for the first time: regardless of how perfect this fiancé is, the father automatically dismisses him without reason.

Suzuki's version of *King Lear* was thoroughly accepted and applauded by the UK audience, the home country of Shakespeare, but was summarily rejected by critics without any logical argument.

Suzuki has interpreted the original text as the madness of aged men and projected it on to the Japanese spiritual world using well-trained Suzuki-method actors. As a Japanese, I appreciated this production, because it did not cheaply sell exoticism to the western audience. In fact, I felt nostalgic, a kind of comfort, as though the story was derived from our traditional tales, or as if it were Japanese Samurai drama produced for a Japanese audience. Therefore, it is natural that some British people could have felt alienated or deprived by this performance.

But please do not deny the possibility that Shakespeare can be interpreted and performed in a "different" cultural context, "different" that is to you. For me, Suzuki's success was a delight. The production was evidence that we could establish a common world culture, a culture that can be shared by any ethnic group and a culture which is no longer Eurocentric.

Kumon Tokumaru,
61 Woodside,
Wimbledon, London SW19

Not a convincing argument on nuclear power

From Mr John Otranto.

Sir, David Lascelles's article "Particle of hope" (November 11) speculates unconvincingly on the privatisation of Britain's nuclear industry; it simply lacks the backing of logic and current trends to support it.

For nearly five years the order to privatise electricity production has been viewed as the *coup de grâce* for British nuclear ambitions. But in fact nuclear power from its origin has never really been economically competitive, democratically supported or environmentally acceptable. Its toxic waste problems, after half a century, remain unmanageable; its market share is being overtaken by sustainable energy technologies, while its deeply damaging effects are beginning to unfold.

Hope for the people of Britain lies not in the conjecture that anachronistic nuclear power will survive but in developing affordable, benign, renewable energy.

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FINANCIAL TIMES
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Friday November 18 1994

Britain, France and Europe

Defence and security issues are expected to dominate today's Franco-British summit in Chartres. During the later decades of the cold war those issues divided the two countries, as France was outside Nato while Britain was its most unconditionally loyal member. But as the cold war fades, they find that this is the area where they have most in common. They are the two countries in western Europe for which military power has retained some of its old glamour, and some of its old relevance as a means of defending national interests far beyond the national territory.

This gives them a stronger attachment to the tradition of national sovereignty than is felt by some of their European partners, and therefore makes them – or at any rate makes the conservatives now in power in both countries – more suspicious of supranational European blueprints. It also makes them more sensitive to the implications of the US's diminishing commitment to European security and transatlantic co-operation, symbolised most recently and graphically by its unilateral decision to stop enforcing the Bosnian arms embargo.

The French reaction has an element of "I told you so", since France has been warning since the days of Charles de Gaulle that "a European Europe" should aspire to be independent of US tutelage. On the British side there is more sorrow than anger, but the practical conclusions are beginning to converge. Present in the minds of both sides, if usually unspoken, is the thought that for military purposes it is vital to canalise German political resurgence into a strong multilateral vessel. The less credible Nato looks, the stronger the argument for making that vessel a European one.

These thoughts point to two types of co-operation. One is a closer bilateral liaison between the two countries' armed forces, at this stage especially their air-forces, and, where economically efficient, between their defence industries. The other is a joint initiative for the 1996 intergovernmental conference, aimed at strengthening the EU's "defence component", the Western European Union.

Both types of co-operation have their logic, but they need to be carefully related to each other. The proliferation of *ad hoc* bilateral or even multilateral military arrangements involving different combinations of EU members could easily become an obstacle to a coherent common defence for the Union as a whole. It would make better sense if the Franco-German Eurocorps as well as the proposed Franco-British air planning unit were brought within the WEU structure.

It must also be questioned how credible the WEU will be so long as it depends on American logistical and air support and intelligence assets. To make Europe independent in these respects would be expensive, but military credibility is seldom cheap.

Also essential is a competitive internal market for defence contracts. For the French, the immediate test of the UK's commitment will be its willingness to join in building the Future Large Aircraft. This should be considered sympathetically, but chosen only if the cost is not prohibitive.

In the longer term, Britain's ability to take the lead in a common defence will also be related to its willingness to join in other aspects of European integration. Among these, Sir Leon Brittan argued last night, the creation of a single currency at the end of the century remains all but certain. If he is right, France and Germany may be unwilling to entrust a leading role in their defence to a country perceived to be on the fringes of their economic union.

Hollywood woes

With the predictability of a Hollywood plot, the Japanese invasion of US film-making five years ago is now generating pages of red ink. Yesterday, Sony Corporation announced that writedowns of Y265.2bn ($2.7bn) at its Columbia Pictures subsidiary, acquired five years ago for $3.4bn, would pull the whole group into loss for this financial year.

The announcement raises several questions of strategy, pertinent also to Matsushita's $6.1bn takeover of MCA, owner of Universal Pictures. First, how does the principle of integrating technology and programming look now? The trigger for Sony's move into programming was the battle over standards for videocassette recorders. Sony's Betamax format, arguably technically superior, lost to VHS for lack of available programming. Sony learnt, painfully, that customers watch programmes not technology, and concluded that it must buy a studio to safeguard new products.

The conclusion was wrong, however. Although Sony argues that sales of its new MiniDisc portable audio products have been aided by its ownership of CBS records, ensuring that recordings are available to play on them, there are few other examples to support its case. The flaw in the reasoning is that no company has a large enough share of the music or video markets to launch a new consumer product; Sony Pictures, which includes Columbia, has only 10 per cent of the US box office.

If vertical integration is worthless, can Japanese management add value to a Hollywood studio? The quick answer, judging by the bottom line, is no. Moreover, there are good reasons for longer-term scepticism, given the culture clashes between technology and programming companies, and between Japanese hierarchies and Hollywood egos.

Assessed, then, simply as an investment in programming, how does the deal look now? Too expensive, clearly. But there is some consolation in that Columbia's value may now rise, as the explosion of channels and services in the US and Europe is increasing demand for programming.

Should Sony and Matsushita take advantage of the media revolution by an alternative strategy: buying channels to distribute the programmes? Both have invested recently in cable and satellite. The value of those link-ups can be questioned, but they are more promising than a marriage of technology and programming.

No such strategy will be successful, however, if the programmes are not popular enough. Of all the messages in Sony's statement, that is the loudest.

Ukrainian virtue

The Ukrainian parliament made the world a safer place this week, by endorsing the nuclear Non-Proliferation Treaty. Kiev's decision to renounce nuclear weapons categorically is further proof that Ukraine sees economic reform – rather than nuclear stockpiles – as its best guarantee of enduring independence. When President Leonid Kuchma visits Washington next week it will be America's turn to return the favour by giving Ukraine appropriate financial assistance.

Although parliament voted for the treaty by an overwhelming margin, it was not an easy decision. Mr Kuchma himself has undergone a remarkable metamorphosis: the former director of the Soviet Union's largest nuclear missile factory gave the keynote address which secured the parliamentary endorsement.

Mr Kuchma's change of heart is directly connected to his decision earlier this year to implement a radical reform programme. Ukraine's leaders have belatedly realised that nationalist rhetoric is too weak a glue to hold together a fragile new state.

On the strength of its reform plan, Ukraine last month concluded its first deal with the International Monetary Fund. Mr Kuchma has begun to prove he is in earnest by administering some of the most unpopular measures demanded by that deal: price increases, exchange rate unification and land privatisation.

Renouncing nuclear weapons was the logical next step. As Mr Kuchma told parliamentarians, it is another sign that Ukraine is choosing to forgo what he described as the "illusion" of security offered by nuclear weapons in favour of the more lasting stability which only economic prosperity can bring.

Of course, ratification of the treaty also means that Mr Kuchma will be bringing the White House the best news it has had all month. President Bill Clinton, who orchestrated the agreement earlier this year in which Kiev first promised to give up nuclear weapons, can now claim credit for disarming Ukraine. Ukraine's accession also improves chances of an indefinite extension of the treaty next year.

Yet Mr Clinton should not forget about Kiev, now that the worrying prospect of a nuclear Ukraine has disappeared. By endorsing the treaty, Ukraine has given up its most powerful bargaining chip. Mr Kuchma is gambling his country's survival on successful economic reforms. The west should do everything in its power to improve his odds. Right now that means offering Ukraine substantial financial aid.

THE FT INTERVIEW: Silvio Berlusconi

Dark days for a white knight

Italy's embattled prime minister takes time out to explain his mission to save Italy from the left


Silvio Berlusconi: 'I'm the protagonist of a revolution. I have to operate very differently from my predecessors'

Silvio Berlusconi honours the engagement. Obliged to impose two confidence votes on his unruly coalition allies this week and facing a second general strike, the media magnate turned prime minister might have made his excuses.

Instead, with a gaggle of demonstrators outside the Palazzo Chigi, and a difficult cabinet session inside, Mr Berlusconi takes time out to explain his role since taking office six months ago.

"I'm the protagonist of a revolution. I have to operate in a completely different way to my predecessors," he says. He sees himself not just as an outsider, but as a man bringing radical and necessary change to Italy.

His election victory in March, just three months after entering politics, was due largely to the vacuum created by the collapse of Italy's post-war political structure. And he is determined to distance himself from all that went before.

"The only good things I inherited," he says, surveying the antique chairs, paintings and tapestries in his office, "are the furniture, the building and these objects of Italian culture."

But being prime minister is a lot tougher and more complex than running his Fininvest business empire, he concedes. "As a businessman, I was 100 per cent responsible for all the decisions running Italy's second largest private conglomerate. Here my role is the exact opposite, because this is a coalition government. It has to operate through compromise and mediation."

His main challenge lies in balancing the interests in his rightwing coalition, while implementing the painful measures needed to correct Italy's serious fiscal imbalance.

The 1995 budget before parliament involves big cuts in public spending and a shake-up of the costly state-run pensions system. Mr Berlusconi tried – and failed – to get the unions' support for this. In the end, he says, he had to take a tough line and court unpopularity.

"I did not want this head-on confrontation," he says. But he has little room for manoeuvre. "Our proposals on pension reform are the minimum we could do to convey a strong signal to the financial markets that we are serious about reducing the ratio of debt to gross domestic product." On the latest projections, Italy's huge debt should peak at the equivalent of 126 per cent of GDP in 1996.

And he refuses to budge on his election promise of tax cuts. Italy needs to make more people pay their proper share of taxes, he says, rather than tax those already paying more heavily. He promises to simplify the tax and legal structure. "We want to escape from the jungle of incomprehensible legislation that surrounds us."

He also wants to slim down government and review every department to see what can be best handled by private enterprise. The question is whether he will be around long enough to see through such changes. "I don't know," he says disarmingly.

He hopes the main coalition partners – his Forza Italia movement, the populist Northern League of Mr Umberto Bossi and the neo-fascist MSI/National Alliance – will stay together over the next crucial weeks. But once the budget is approved, which must be by the end of the year, all the coalition partners will have to show where their real loyalties lie and account for the discipline of their members of parliament. He hints that, if the coalition lacks sufficient purpose to allow him to pursue his agenda, he would seek a fresh mandate.

Mr Berlusconi is convinced most voters are moderate. But he also believes that the 35 per cent of the electorate on the left is a real threat to Italy's future. He complains that people outside Italy do not understand this. "Abroad, they talk about the MSI/National Alliance as something negative; but the real danger is the contrary."

He explains his willingness to forego his business career in favour of politics exclusively in this context. "You've got to understand the left had already placed its supporters in key positions in universities, publishing houses, radio networks, TV stations and the courts. And they had the organisation to bring people onto the streets . . . Everything was ready for a leftwing minority to take power."

"I'm convinced if the left had won the elections, Italy had a future without either freedom or prosperity." For him, the fall of the Berlin Wall made no difference to the power or designs of the left in Italy.

While Berlusconi sees himself as a white knight rescuing Italy from the left's embrace, others are less charitable about his entry into politics. Questions are still asked about the conflict between his interests as a businessman and his role as a political leader. Apart from a substantial presence in publishing, financial services and retailing, his Fininvest empire owns three commercial television channels accounting for nearly half the nation's TV audience.

He spells out that since entering politics, he has resigned from all directorships and executive responsibilities. He has also appointed a three-man commission to draft legislation to prevent a conflict of interest – and accepted its findings "without changing a comma".

In addition, there are numerous checks and balances in Italy's parliamentary democracy to monitor his behaviour, he says, not least of which is public opinion. Finally he turns the argument on its head: "The real point of the conflict of interest debate is that my companies have suffered from me becoming a politician rather than the other way around. As a result of entering politics, I have suffered both from a personal and an entrepreneurial point of view."

The Fininvest group, he says, has not been able to take advertising from state bodies. With some bitterness he comments on the way his "enemies" have planted 30 bombs at his Standa stores since he took office. Standa sales this year are down 10 per cent as a result of a boycott organised by his opponents.

He says he is willing to sell all his assets. But having built up the group from scratch over the past 20 years, he does not seem yet to have resolved a profound personal dilemma over whether or not to let go of his own baby. He will not be a forced seller, he emphasises: "That would be unconstitutional, going against the basic right of private property."

And he lets slip the thought that Italian prime ministers are not elected for a fixed term. The implication is clear: he is heading Italy's 53rd post-war government and he does not know when he may need to look for another job.

The Fininvest link continues to cause speculation of a different kind: whether Italy's anti-corruption magistrates, who are investigating various aspects of his business empire, will eventually reach to the top. "On this front I have always been tranquil. Otherwise, I would never have entered politics because I knew thousands of spotlights would be immediately turned onto my activities. For example there have been 126 searches by the police in the last few months, compared to less than 100 in the previous 10 years."

In an unstable political environment, Mr Berlusconi will not be drawn on the chances of his government's survival. The decisive moment will come once the budget has been passed. The crucial element will then be his stormy relationship with Mr Bossi of the League. Having fought with each other from the beginning of the administration, the question is whether the prime minister can sideline Mr Bossi without falling too much into the right's hands.

Mr Berlusconi is not yet at the eye of the storm. He ends the interview to rejoin the cabinet, for what turns out to be one of the stormiest sessions of his administration.

Richard Lambert and Robert Graham

Time to adjust our sets again

PERSONAL VIEW

UK broadcasting in the 1990s was to be about competition, choice and quality, according to the government which put this trinity on the cover of a white paper published six years ago this month. Almost half way through the decade, what do we think of it so far?

There is certainly more competition, most notably in the sale of advertising between ITV and Channel 4, but the firm grip of the BBC/ITV duopoly is far from broken.

A fifth terrestrial channel was conceived in 1990 as the single most important initiative the government could take to introduce market disciplines. But arguably the only competition Channel 5 has created to date is between the departments of national heritage and trade and industry over what to do with it. The contrast with the carefully-considered and well-timed introduction of Channel 4 is stark.

As for choice, the continued absence of Channel 5 means that 85 per cent of UK viewers still have only four channels. The 15 per cent who enjoy cable and satellite would have done so with or without a Broadcasting Act in 1990.

On ITV, it seems that most viewers, advertisers and the Independent Television Commission, the channel's watchdog, would agree that, despite its strong popular drama, the channel has become less diverse – longer series in fewer genres, no single plays, less investigative reporting, and so on.

Was it really for this that Britain's television industry had to endure the trauma and disruption of the 1990 Broadcasting Act that followed the white paper? It looks scant reward for the thousands of jobs lost, businesses broken up and training schemes closed down.

If the outcome has short-changed viewers and set back the global prospects of what should be a leading British industry, can anyone honestly be surprised? The main beneficiary of the 1990 Act has been the Treasury, which has cleaned up like some great croupier in Whitehall. It raked in almost £360m in 1993 as rent on the ITV franchises – roughly 25 per cent of ITV's 1993 revenues, and equivalent to 75 per cent of the industry's annual pre-tax profits after bid payments. It should do even better this year. No wonder ITV companies put shareholders second and viewers third.

Some advocate a fresh Broadcasting Act to undo the damage. Others want another auction of ITV franchises in 1998, to replace the existing arrangements that will allow current licensees to negotiate 10-year extensions.

The main beneficiary of the Broadcasting Act has been the Treasury, which has cleaned up like some great croupier

I do not share these views. What is done is done. It would have been better in 1989 if the government had introduced a modest Bill and then left the competent regulatory authorities to get on with the job, but it did not and the industry has moved on. What I would now like to see, with one exception, is pragmatic regulatory change rather than new legislation.

There is a need, for example, to protect the five regional stations, from Channel to Grampian, following the government's decision to relax unilaterally the rules on mergers between ITV stations. No such protection is afforded by the Broadcasting Act and they may soon be required by the larger companies to contribute to network costs in proportion to their share of advertising revenue. I doubt any of these small broadcasters would then be viable, and the regulator needs to be free to make arrangements to ensure the survival of diverse services.

The one exception needing legislative change is the widely discredited ownership rules in the 1990 Broadcasting Act that are unnecessarily restricting British investment at home and discouraging UK multi-media companies from competing in world markets.

A large number of interested parties is seeking significant legislative changes that can affect readers, viewers and listeners nationwide. The Department of National Heritage has already canvassed views and should share its findings soon.

The key may be to frame cross-media ownership rules that recognise that UK markets consist of many audiences by type and location. These audiences could then be assessed for the influence upon them of various media, with appropriate and more liberal thresholds being applied to ensure that they are offered adequate choice.

Stephen Dorrell, national heritage secretary, should publish a white paper in the new year, legislate as soon as possible – and then leave the broadcasters and regulators to go in search of the competition, choice and quality that the 1990s were supposed to be about.

Richard Dunn

The author is chief executive of Thames Television and managing director of Pearson Television Holdings. Both companies are part of the Pearson group, owner of the Financial Times

OBSERVER

Albert's heavy petting

■ What a gift to headline writers – Albert Reynolds gives up being Taoiseach. If there hasn't been an "Irish PM goes (back) to the dogs" it will be a miracle.

For Reynolds has earned millions by serving up minced animal remains to Irish and British moggies and doggies. Reynolds, who turned 61 on November 3, established his family company, CD Petfoods, in the early 1970s. Now run by his son, Philip, it churns out Maxi catfood and Max dogfood, the latter supposedly named after the Special Branch minder of Charles Haughey, whom Reynolds toppled from the leadership of the Fianna Fail party three years ago.

If he gives up politics – a fair bet according to Dublin observers – Reynolds could always dust off his cv, with experience as building site messenger, cabinet polisher and railway ticket clerk.

Ballroom dancing has pretty much died in the rave culture, otherwise he could resurrect his Ballroom of Romance company, started in 1958 to enable youngsters to two-step the night away in teetotal harmony. There again, he could always work for his nephew, who runs one of Dublin's premier nightspots, The Pod.

But his own choice might be to take up professional crooning, singing his beloved country and western songs. He once appeared on Irish TV dressed in cowboy gear and stetson hat, and has publicly delivered the immortal Jim Reeves number *He'll Have To Go.* Maybe he could take up astrology?

Mid-Ruff crisis

■ Will Peter Ruff, the BBC's man in Moscow in the mid-1980s, come in from the cold? Ruff, who seems to have lost his way a bit since he quit the BBC three years ago – he popped up briefly at the Chemical Industries Association – is in the running to take over from Tim Collins, director of communications for the Conservative party.

Collins wants to be an MP and is expected to have cleared his desk before the end of the year. The Tories seem to go through their spin-doctors faster than their party chairmen. The last BBC man in the job was Shaun Woodward, an ex-*Panorama* producer, who came and went with little impact.

Ruff is clearly a strong candidate: covering a totalitarian state on its last legs sounds the right sort of preparation.

Campora tonic

■ Is he going or staying? Mario Campora, that is – Argentina's ambassador to London. It seems he may have lost his job for disagreeing with his president, Carlos Menem, over Menem's offer of cash to the Falkland Islands' 2,000 or so inhabitants to up sticks and leave.

'Backing and sacking aren't *mutually exclusive*'

Yesterday Campora was still following his timetable and lunched with City bankers. Meanwhile back in Buenos Aires rumours were flying, suggesting he was in trouble for pouring cold water on the idea. Campora suggests it's daft to pay for something over which Argentina already claims sovereignty. Sound reasoning.

Interestingly enough, senator Eduardo Menem, the president's brother, shares Campora's opinions on this issue. When in London two weeks ago, Eduardo said that offering money for the Falklands cheapens Argentina's claim.

Nevertheless, a presidential aide said yesterday – "unofficially" – that Campora may be packing his bags to become ambassador in Paris. Which is hardly Tierra del Fuego, after all.

Aitken fume

■ *Jonathan Aitken*, the UK Treasury's chief secretary, is clearly jinxed when it comes to written correspondence. For months he has been exchanging letters with The Guardian newspaper over payment of a Paris hotel bill of his.

Now he has sent a letter congratulating George Robertson, Labour's shadow Scottish secretary, on a "bravura" Commons speech on Wednesday. Aitken's letter – which opened "Dear George" – praised Robertson's "stylish, amusing" contribution, and forecast rapid promotion.

Unfortunately, the speech Aitken praised was made by *Raymond* Robertson, Tory MP for Aberdeen South. Confusion reigns: Aitken even put Monday's date on the letter, suggesting it was written before the speech.

Lowry collected

■ There will be a sigh of relief at London's Tate Gallery that New York's Museum of Modern Art has finally found a new director – Glenn Lowry, the 40-year-old director of the Art Gallery of Ontario. It would have been a big blow for the Tate if the Americans had poached Nicholas Serota, its ambitious director.

Finding a replacement for Richard Oldenburg, who has been Moma's director for the past 22 years, has not been easy. It is well over a year since the New Yorkers started searching and Lowry, an expert in Islamic and Oriental art, is not the most obvious choice to run a gallery specialising in modern art. His appointment is another sign of the developing world shortage in good international museum directors. Finding a top scholar who can turn a hand equally well to administering and fund-raising is becoming even more tricky than landing a rare collection these days.

Greener grass

■ Rather than political power, it seems German-born Henry Kissinger really hankered after fame as a sports commentator: "I always wanted to be a sportscaster, but I just couldn't lose this New York accent," he says in a new advertisement for the New York Times. Perennial presidential candidate Jesse Jackson says he takes the paper for its real estate; he's hunting for "a big white house with pillars" on Washington's Pennsylvania Avenue.

And Bill Clinton? No news as yet. But maybe he takes it for its job vacancies.

A FINANCIAL TIME for change
Newport

FINANCIAL TIMES
Friday November 18 1994

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Conservatives accused of being over-interventionist

Brussels tests UK power to block foreign takeovers

By Emma Tucker in Brussels

The European Commission has turned the tables on Britain's Conservative government by accusing it of being over-interventionist in its defence of a controversial piece of socialist legislation framed by the Labour government in 1975.

Brussels has opened proceedings against the UK over part of the 1975 Industry Act – drawn up by Mr Tony Benn, the then Labour industry secretary – which allows the government to prevent foreign takeovers of UK manufacturers.

The commission argues that the provision is incompatible with European Union rules on the free movement of capital and, even if rarely used, acts as a deterrent to foreign investment in the UK.

However, the department of trade and industry said yesterday the government felt there was still a role for the secretary of state for industry to play "in protecting the national interest".

Clause 13 of the act – much of which has been repealed by the Conservative government – states that the industry secretary has the right to prohibit a foreign takeover if it appears that there is a "serious and immediate" probability of a change of control which would be contrary to the interests of the UK.

This goes further than EU laws that allow national governments to intervene on health and security grounds, and actively breaches rules which foresee no restrictions on capital movement and direct investment.

The insistence from the commission that the provision be dropped or at least altered is politically embarrassing for Mr John Major's government, which has frequently harangued the commission for taking an over-interventionist approach to industrial policy.

"It is really remarkable that this piece of legislation has survived all these years of Conservative rule," said a British official in Brussels yesterday.

UK industry officials said the clause had been kept "just in case".

"There has been speculation from time to time about the risk of UK business falling into foreign hands. The government accepts that the legislation is otiose, but it may be needed one day," said an industry official.

The issue of national ownership is politically sensitive, particularly in the UK.

When Rover, the car maker, was acquired by BMW of Germany earlier this year there was widespread dismay among the British public.

"This issue has touched a political nerve. A large number of voters feel rather worried when they see British industry threatened," said a UK official.

The DTI said the commission complaint was not directed at the government's "golden share" holdings in certain companies which limit foreign ownership, but rather at the general principle of the 1975 law.

The official added that the UK was hoping to come to an "amicable" agreement with the commission which would "lie somewhere between abolishing the act and keeping it the way it is".

The commission would not comment, other than to say it was in contact with the UK authorities.

French plan for private pensions revived

By John Ridding in Paris

Mr Edmond Alphandéry, the French economy minister, sought yesterday to relaunch plans to encourage private pension funds, announcing that France's pension system should be reformed next year.

"Conditions should be ripe for an initiative in 1995", Mr Alphandéry told members of the COB, France's stock market regulator.

The development of capitalised pension funds is seen as an important means of reducing pressure on the existing "pay-as-you-go" system and curbing the French welfare deficit. But reforms, originally slated for this year, have been delayed because the issue is politically sensitive and complex.

The current system, in which pensions are paid from contributions from the existing workforce, suffered a deficit of more than FFr40bn ($7.81bn) last year and faces increased strains because of an ageing population.

Mr Alphandéry also regards private pension funds as a way of strengthening France's financial markets and increasing long-term savings.

However, pensions reform has been opposed by some trade unions. "The existing system is a source of solidarity between age groups and social classes," said an official at Force Ouvrière, one of France's largest unions. "Incentives for private schemes will favour the wealthy and will harm the economy by reducing consumption."

Reform has also been complicated by differences between reform proposals and disputes between companies seeking to participate in capitalised schemes. The Patronat employers' federation, the Association of French banks and Mr Jacques Barrot, chairman of the National Assembly's finance committee, have all drawn up separate projects. Insurance companies and banks differ over whether retirement payments should be made in lump sumps, or in the form of annuities.

Industry observers said yesterday that such problems made reform unlikely before next spring's presidential election.

"I don't think we will see a text for a reform for the next few months," said one French merchant banker. "But it is important that it is back on the agenda."

BCCI creditors give backing to new compensation deal

By Jim Kelly, Accountancy Correspondent

The prospects of a settlement for creditors of the collapsed Bank of Credit and Commerce International rose markedly yesterday when dissident victims welcomed revised proposals from the liquidators.

The BCCI Depositors' Protection Association (DPA), which helped block an earlier agreement, said it would sign the new one based on a $1.8bn contribution from the government of Abu Dhabi.

BCCI was shut down in 1991 with liabilities of up to $10bn after the discovery of the world's biggest banking fraud. Its assets may be as much as $4bn.

The liquidators, the accountancy firm, Touche Ross, said the new agreement had been considered by BCCI creditors' committees in London, Luxembourg and the Cayman Islands and "unanimously approved by those who voted".

The depositors' association said it wished to end delays caused by court appeals. It pointed out that the new agreement, unlike the original, allowed creditors to pursue claims against the Abu Dhabi government.

Before an agreement can be completed it must be passed by courts in three jurisdictions. The liquidators said yesterday the case would be heard in London on December 13; in Luxembourg on November 30 and December 1; and in the Cayman Islands on January 11-12 1995.

Under the new agreement Abu Dhabi, the main shareholder of BCCI, will pay $1.55bn after the successful completion of the court hearings, $150m 24 months later, and $100m 36 months after completion.

"The DPA believes that the new agreement represents a significant improvement on the old agreement and vindicates its opposition to the old agreement," said an association official.

Referring to claims against Abu Dhabi, the association said: "The DPA hopes that such actions will be pursued and is investigating the formulation of such a claim."

Representatives of the DPA, which has 200 members, fought the original agreement in the courts in London and Luxembourg. The agreement was blocked on appeal in Luxembourg in October 1993.

"The liquidators must now commit themselves to payment of an initial dividend of no less than 20 per cent by July 5 1995," the DPA said yesterday. Estimates of the final dividend payable range from 30 per cent to 40 per cent.

The liquidators made it plain yesterday that an interim dividend depended on the courts and the calculation of the number of creditors and total assets.

THE LEX COLUMN

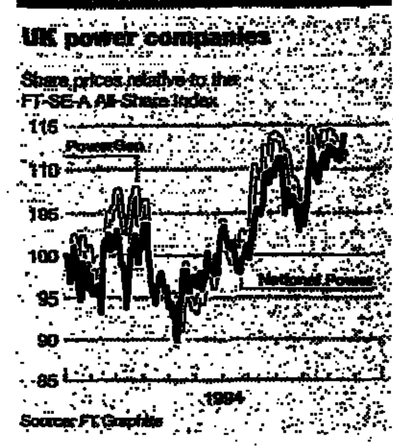
Budge's bold budget

The story being told by RJB Mining as it trawls the City for £1.1bn to buy the bulk of British Coal looks starry-eyed. While its version has a fairy-tale ending, most other scenarios conclude in tears.

For those asked to provide £528m of bank debt, there are few concerns. Once RJB has acquired the English coalfields, it will have about £315m worth of coal already out of the ground. Moreover, the contracts to supply power generators should provide sufficient cash to pay off the bulk of the debt by April 1998 when they expire. Whether RJB has net cash by then depends on the extent of cost cutting.

But for equity investors, the venture looks fraught with risk. RJB's forecasts of pre-tax profits of £220m in 1999 depend on optimistic projections for sales volumes and prices – assumptions shared by few others in the industry. An unlikely combination of events will be required for its predictions to come true. These include a significant rise in international coal prices, which admittedly have begun to edge forward for the first time in a decade; and the willingness of UK power generators to use RJB's coal to the exclusion of virtually all others. The latter seems improbable, given their recent investments in importing facilities and stated policy of diversifying fuel sources. Given the group's low growth prospects post-1998, and an expected dividend yield of only 4.5 per cent – about the market average – equity investors will need considerable convincing that buying into RJB is a risk worth taking.

FT-SE Index: 3127.5 (-19.0)



Volkswagen

At DM136m, Volkswagen's third-quarter after-tax profits were only DM3m higher than they were in the previous three months. But a pronounced recovery is nonetheless under way. The DM73m loss in the full nine months compares with losses of DM1.5bn in the same period last year.

The key to the earnings revival is aggressive cost-cutting, evident in virtually unchanged production costs and reduced sales and administrative expenditure. This is impressive when turnover was up 4.1 per cent to DM58.8bn in the first nine months. But VW still faces a major cost headache. Analysts predict that even if rationalisation continues at the current pace, the net profit margin will only reach 2.6 per cent by 1996 – lower than for other European volume producers and half the level achieved by the big US manufacturers. The crunch will come when VW renegotiates the four-day working week which runs out next year. Sharply reduced "other income" yesterday suggests that the group has made higher provisions. If these are used to cut staff aggressively, so much the better.

Shareholders must assume that their interests will always be secondary to those of the government of Lower Saxony, which, as VW's largest shareholder, is concerned more with politics than profits. However, even if VW does not become as lean as its European and US competitors, there is scope for a strong improvement in profits later in the decade as sales start to climb rapidly in response to new models and economic recovery. It may be that earnings per share will recover to more than DM100 at the cyclical peak, in which case the shares are cheap at yesterday's price of DM455.

UK generators

The British government initially had qualms over allowing the electricity generators to buy their own equity as part of its £4bn share sale next year. The Treasury feared such a move might compromise its goal of wider share ownership. But the Treasury's qualms were swept aside once it appreciated how buy-backs should benefit the exchequer. By cancelling shares, National Power and, possibly, PowerGen will enhance earnings per share, so increasing the price the government can demand for its stakes. That price should be further supported by the fact that there will be fewer shares flooding the market.

From National Power's perspective, one cannot fault the principle of reducing its equity. In fact, the company should be spending more than £500m-plus to shrink its capital base. After the buy-back, National Power will still be able to spend £1bn on overseas investment and keep its gearing in the 20-30 per cent range. Another quibble is the method it has chosen. By buying direct from the government, no shareholders will enjoy a tax break. If instead it had issued a mega-dividend or bought shares through a tender, some investors would have benefited from the tax credit.

Though the buy-back is positive for National Power, investors should currently be wary of buying either of the generators' shares. Brokers who are keen to be part of the Treasury's sale have in recent months been pumping out fat notes singing the companies' virtues. Such one-way publicity has arguably already inflated their share prices.

Sony

The 7 per cent fall in Sony's share price in London yesterday is slightly odd. The Japanese electronics group's problems with its Hollywood movie studio have hardly been a secret. The massive Y265bn write-off is actually good news. By cleaning the decks, Sony is signalling its determination to get a grip on the former Columbia Pictures. The studio's new management should be able to put an end to the extravagance that led to such spectacular flops as Last Action Hero. Columbia still enjoys a strong distribution network and picture library. Its share of US box office takings has collapsed below 10 per cent but it is hard to see it falling much further.

There is no denying, though, the disastrous investment Columbia has been for Sony. The hoped-for synergies between consumer electronics hardware and software have failed to materialise. The Japanese group has also been the wrong parent for such a "talent" business. It rightly recognised it knew little about the business, but then gave the studio's top management such a free rein that they lost masses of money. Now it risks keeping such tight control that it drives the talent away. This is not a feature of Sony's Japanese nationality: look at General Electric, the US conglomerate, and its unhappy experience with broker Kidder Peabody.

Emu 'possible by 1997'

Continued from Page 1

challenge" ahead, Mr Ravasio said, but it was not too optimistic to believe that several countries could do so by the end of 1996.

■ Sir Leon Brittan, the EU's trade commissioner and a former senior UK minister in the Thatcher government of the 1980s, warned the British government yesterday that it could not "wish away" the prospect of a single European currency, our Political Editor writes.

In a lecture in the City of London, Sir Leon warned that, whether or not the UK government eventually exercised its opt-out from the single currency, it must participate actively in the preparations for economic and monetary union.

Barclay brothers buy AFG

Continued from Page 1

nesses in the UK with a combined pre-taxprofit in the 12 months to the end of July 1990 of £142.6m on a turnover of £1.76bn.

Mr Botnar's operations have been in turmoil since Nissan Motor, the Japanese carmaker, took away the Nissan franchise amid a bitter legal battle with effect from the end of 1991.

Nissan UK has been at the centre of Britain's biggest corporation tax fraud.

Last year Mr Michael Hunt, a director of NUK, was sentenced to eight years in prison for conspiring at NUK to defraud the Inland Revenue of £55m in corporation tax.

An arrest warrant was issued for Mr Botnar, but he has never returned to the UK.

FT WEATHER GUIDE

Europe today

A series of low pressure systems will flow into north-western and central Europe, causing heavy rainfall from the southern British Isles to Hungary. Temperatures will to rise to 10C-16C along the Atlantic coasts.

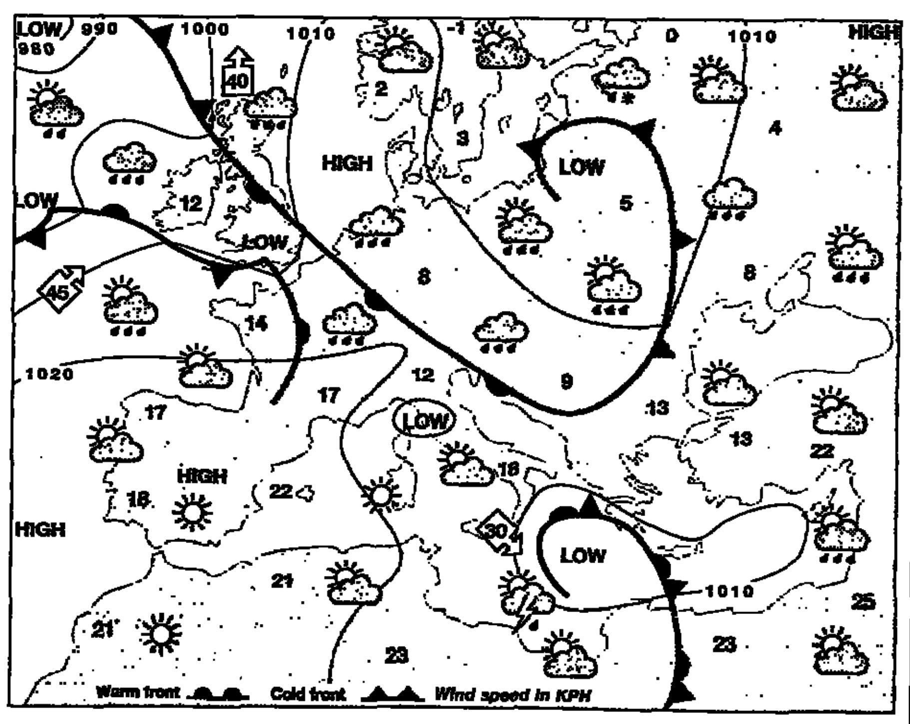
Conditions will be cloudy from Poland to Russia with scattered showers and snow north of Moscow. The eastern Mediterranean will have unsettled conditions, with heavy thunder showers, especially over Greece, southern Turkey and Cyprus.

The northern Balkan states will be cloudy and cool, with scattered showers in the north. Scandinavia will be dry but chilly.

Five-day forecast

The British Isles will continue to be wet, while Scandinavia will become damp and warmer on Saturday.

There will be rain from Denmark to north-western France. Central Europe will become dry with sunny spells, while conditions in the eastern Mediterranean will remain unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	31
Accra	fair	32
Algiers	fair	21
Amsterdam	rain	10
Athens	thund	16
Atlanta	fair	17
B. Aires	fair	26
B.ham	rain	13
Bangkok	fair	33
Barcelona	fair	18
Beijing	fair	9
Belfast	rain	12
Belgrade	cloudy	10
Berlin	shower	7
Bermuda	cloudy	23
Bogota	cloudy	22
Bombay	fair	33
Brussels	rain	11
Budapest	rain	8
C.hagen	fair	6
Cairo	fair	23
Cape Town	fair	21
Caracas	fair	30
Cardiff	rain	14
Casablanca	sun	19
Chicago	shower	9
Cologne	rain	9
Dakar	fair	31
Dallas	fair	18
Delhi	sun	29
Dubai	sun	30
Dublin	shower	14
Dubrovnik	fair	17
Edinburgh	shower	10
Faro	sun	21
Frankfurt	rain	9
Geneva	rain	11
Gibraltar	sun	20
Glasgow	rain	10
Hamburg	shower	8
Helsinki	cloudy	-1
Hong Kong	fair	27
Honolulu	shower	31
Istanbul	shower	14
Jakarta	cloudy	31
Jersey	rain	15
Karachi	sun	34
Kuwait	fair	25
L. Angeles	fair	18
Las Palmas	fair	24
Lima	cloudy	23
Lisbon	fair	18
London	rain	14
Lux.bourg	rain	8
Lyon	cloudy	11
Madeira	fair	22
Madrid	fair	17
Majorca	fair	20
Malta	fair	21
Manchester	rain	13
Manila	cloudy	30
Melbourne	fair	22
Mexico City	fair	23
Miami	fair	26
Milan	fair	12
Montreal	fair	5
Moscow	snow	0
Munich	rain	5
Nairobi	thund	24
Naples	fair	18
Nassau	fair	29
New York	fair	12
Nice	fair	17
Nicosia	rain	20
Oslo	fair	0
Paris	rain	12
Perth	cloudy	34
Prague	rain	5
Rangoon	fair	34
Reykjavik	rain	5
Rio	fair	32
Rome	fair	18
S. Frsco	fair	13
Seoul	shower	13
Singapore	shower	29
Stockholm	fair	0
Strasbourg	rain	9
Sydney	shower	24
Tangier	sun	20
Tel Aviv	cloudy	23
Tokyo	cloudy	16
Toronto	fair	7
Vancouver	rain	8
Venice	fair	11
Vienna	rain	8
Warsaw	shower	5
Washington	fair	16
Wellington	shower	16
Winnipeg	snow	-4
Zurich	rain	8

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RECRUITMENT

JOBS: Machines are changing our social order by freeing up the human brain

Why not simply stop working?

Why do we work? Whenever I ask myself this question, which is frequently, the obvious and simple answers come to mind, such as to feed and clothe the family. It is, however, a question usually addressed privately because it is not easily voiced openly in a society where unemployment is rife and where work has become the chief focus of human activity.

It was heartening to hear last week, therefore, someone not only attempting to answer this question historically but also *examining its* broader implications. Alain Cotta, professor of economics at Paris Dauphine University, told delegates of Hay mangement consultants' international conference in Prague that work was a "very new concept", less than two centuries old.

He was speaking about work in the sense of something sought out as an edifying pastime that brought with it social status. Before the industrial revolution only those people with no other choice worked, and the more they worked, the lower their social status. He said: "Social order was then based on a hierarchy inverse to that based on work."

"Work was not even permitted at all at the ultimate summit as this would have meant going against the social status which had been attained," he said.

Only later did the work concept become the key to merit and meritocracy, claiming the status of moral value. "As soon as it was *introduced on the social scene by* industry, work suddenly claimed all the honours," said Cotta.

He quoted the 19th century German philosopher *Hegel's* warning that work "suspends desires" and directs energies towards the production of goods. In accepting work in mechanised industry, people were themselves becoming part of the new machine state, taking orders from a chief or boss, something which Elias Canetti, the Nobel prize winner, once compared to "pins driven in our flesh", he said.

Hegel's observation that machine would replace muscle and in so doing create machines of people, was right, Cotta concluded, but a *new process was taking the trans*formation further, he suggested, taking over the nerve cells or neurons. He called it the "neuron prosthesis".

Cotta said: "More than half the people are now employed in sectors where they create, release, transfer, receive and utilise information. The *crossing of the frontier* between muscle and neuron may have as many consequences as the rise of industry."

Cotta is putting his finger on the information and technological revolution that is overtaking the industrialised world. He is suggesting that work has turned full circle to the point that "people are now looking forward to filling their time instead of producing. Man is trying to free himself from the original painful constraints of work."

He not only points out what many of us have resentfully accepted – that industry has increased the time spent at work, separating people from their domestic and social life – but says that arguments against work today focus not on its *duration but on the subordination* of individuals to orders.

Here, he may be trailing developments. Far from subordinating the employee, the advent of delayering and empowerment in the workplace has led to the emasculation of the middle manager and is even challenging the influence of higher *management*.

Cotta identifies the emergence of three groups of people in society differentiated by their relations to work. *The largest is the middle* class, defined as "all the individuals for whom work remains to be endured and is their only way to earn a living – but not a reason for living". He has no category for the traditional working class.

The second are those excluded from work because of the ever increasing levels of education, qualification and technology, or because they have retired on a pension or excluded themselves voluntarily, living on benefits or private income.

The last group, he says, comprises people who have chosen to work, including those in the professions. While these three social groups are at present stable he asks *whether* progress *may induce* further the condemnation of work and the attraction of two extremes: exclusion and predilection.

What, asks Cotta, is going to happen to his middle class? "Once the level of development can ensure a decent life where work requires minimal efforts, if not none, its schedules being considerably reduced and made flexible, the charms of the 'exclusion' become more evident. Why not simply stop working?"

Work then, he argues, could once again be a key factor of social evolution. Social dynamics would be *motivated by two powerful attractions*: "the sentence to death of work or the assertion that it can be the reason for living."

● Now for something completely familiar. Day Associates, which compiled the above table said that 5 per cent was being widely quoted by City institutions as their budget for base salary increases for 1995. Year on year from August to August, said Day, City clerical salaries, including bonuses, rose on average by 8.8 per cent while management salaries rose by 15.2 per cent in the same period.

The table shows a selection of *data from its latest quarterly survey* of pay and benefits of 315 jobs in 135 banks and finance houses. The first three columns show average basic salaries for various rankings in the same type of job, followed by the average basic salary, and then bonus paid as a percentage of basic salary. Finally, the last two columns indicate the percentage of people with car allowances and the average amount.

The full report, price £250, can be obtained from Joe Clark at Suite 2.31, Whitechapel Technology Centre, 75 Whitechapel Rd, London E1 1DU. Tel: 071-375 1397, fax: 071-375 1723.

Richard Donkin

SALARIES, BONUSES AND CAR ALLOWANCES IN CITY OF LONDON FINANCE

Position	Lower quartile £	Median salary £	Upper quartile .. £	Average salary £	Avge bonus %	Car allowance % with	Car allowance Avge amount £ a year
Capital markets head	107,500	130,000	166,000	134,100	127.7	20	6,750
Fund management director	94,750	123,299	163,000	127,017	27.6	66	7,888
Corporate finance head	93,250	102,000	135,000	110,071	52.3	57	7,825
Head of research	80,000	85,000	118,800	105,867	40.9	60	5,388
Equity trading head	84,000	87,750	120,000	104,382	73.3	25	7,456
Eurobond trading head	76,700	100,000	130,000	103,406	87.1	77	6,996
Bond sales head	90,000	95,000	100,000	95,357	38.4	71	10,556
Financial director	64,100	78,775	100,000	89,597	26.1	26	8,004
Private banking head	73,170	90,500	93,150	85,607	5.3	50	6,661
Chief fx dealer	68,000	78,000	94,000	78,699	42.0	36	5,937
Money markets head	56,880	66,000	82,725	69,477	39.8	47	5,989
Personnel director	53,434	63,250	78,000	65,596	31.7	70	6,696
Corporate lawyer	53,000	65,000	70,350	64,793	31.4	89	6,537
Dataprocessing director	54,135	63,000	70,002	63,578	20.8	48	6,605
Credit manager	36,900	45,000	46,500	42,086	7.4	37	5,593
Customer services head	26,430	30,000	35,720	31,134	6.8	20	5,254

Source: Day Associates

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EUROPEAN EQUITY SALES

Major international investment bank is recruiting an experienced equity salesman for its primary and secondary markets distribution operation in the Middle East based in Bahrain. The role includes the servicing and development of an existing clientele base (institutional and corporate clients) with the backing of a top class research product.

We are looking for a candidate in his/her late 20's early 30's with 5 years experience in European equity sales and capable of showing a strong sense of initiative within the frame of an integrated team.

Responsibilities will cover the co-ordination and distribution of the group's primary and secondary products and development of new counterparty relationships. A knowledge of derivatives will be helpful.

Attractive tax free remuneration package with a strong element based on performance and usual expatriate benefits.

Please respond by mailing a full CV, all enquiries will be treated with utmost confidence, to Box A2198, Financial Times, One Southwark Bridge, London SE1 9HL

FRAMLINGTON

FUND MANAGERS
CIS & EASTERN EUROPE

Framlington, a leading international investment organisation based in London, seeks to appoint experienced Fund Managers to expand and service its interests in the CIS and Eastern Europe.

Based in these regions, with support from Head Office and local expertise, the appointees will be responsible for identifying investment opportunities through the selection of companies for streamlining or restructuring, and the subsequent monitoring of all investments on a regular basis. This will entail discussion and negotiation at diverse business and political levels.

The ideal applicants will have a strong Venture Capital background, preferably gained within Central and Eastern Europe. A cultural affinity for the region, together with fluency in local languages are key requisites. Ideally aged in their mid to late 30's, candidates should be able to demonstrate the combination of a pioneering, entrepreneurial spirit, together with the practical and diplomatic skills necessary to operate successfully in these regions.

Highly attractive remuneration packages will be offered to the successful candidates. In the first instance please *send your CV in complete confidence to:*

Adrian de Vere Green
Emerging Markets Search & Selection
(A division of Global Markets Recruitment Limited)
2-9 Masons Avenue, London EC2V 5BT
Tel. 0171 600 4744 Fax. 0171 600 4717

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 71 873 4054

Philip Wrigley on +44 71 873 3351

Joanne Gerrard on 071 873 4153

European Legal Counsel

5-10 yrs pqe | The Netherlands | c168,000DFL + Benefits

Our client is a $2billion Fortune 500 company operating in the high-technology sector. Headquartered in California, the company employs nearly 10,000 people and operates out of more than 40 countries around the world.

The company currently wishes to appoint a Legal Counsel based at its European headquarters outside Amsterdam. This individual will be responsible for legal support for its sales and marketing operations throughout Europe, including subsidiaries, distributors and resellers.

Working as a key member of a small European Legal Department, the position will report to the European General Counsel but will demand close working relationships with local commercial management. We are looking for a lawyer with initiative, flexibility and a demonstrable grasp of business priorities. Language skills would be a distinct advantage, as would experience of EC law.

Candidates will be lawyers, qualified in a major European jurisdiction, with a minimum of 5 years' experience gained in a reputable law firm or in industry. The nature of the work dictates that broad-based company commercial experience will be most appropriate. Ideally applicants should have experience of a pan-European environment and have worked in mainland Europe. Applicants should be willing to travel. It is anticipated that the appointee will spend the first 3 months of their employment in the Corporate HQ in California.

For this high profile role within a fast moving, dynamic organisation candidates must be able to demonstrate outstanding communication skills, sound commercial judgement and technical excellence. The remuneration package will reflect the organisation's demand for an exceptional individual and will include relocation assistance. This constitutes a unique opportunity for a lawyer to develop his or her skills within a genuinely international arena.

Interested applicants should contact Fiona Campbell at the address below. All enquiries will, of course, be treated in the strictest confidence.

Alderwick Peachell

Alderwick Peachell Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 0044 71 404 3155. Fax: 0044 71 404 0140.

FINSBURY CONSULTING LIMITED

RELATIONSHIP MANAGER C£60K

Major European bank with a well established London presence requires a Manager for it's UK multi-national corporate division. Candidates should be professionally qualified, able to demonstrate a successful career to date and possess the ability to use existing achievements as a platform for further growth.

PROJECT FINANCE TO £40K

Leading international bank with an established high-profile global presence in project finance is seeking to strengthen it's London team. Ideally aged between 25 and 35 the successful candidate will be a graduate and have perhaps 5 years relevant experience encompassing originations, syndications and lead arranging.

SOVEREIGN LENDING TO £40K

Top tier bank wishes to expand it's sovereign risk team. Preferably a graduate with well developed credit assessment skills, you should have 3 years experience covering agency, sovereign and syndicated lending with a successful track record to date plus the potential to progress into a front-line role within 2 years.

CORPORATE BANKING C£30K

The lending team at this major international bank is expanding it's coverage among the top 500 UK corporates and now requires an experienced analyst to support a newly-appointed senior manager. You will ideally be the product of a clearing bank graduate development programme with particular strengths in risk assessment and client interface.

Please apply to Anne Langdon or Andrew McGeachy at:

Finsbury Consulting Ltd.,
16 City Road, London EC1Y 2AA
Tel: 071 628 9421 Fax: 071 256 9279

RISK PUBLICATIONS
Senior editorial positions

Risk Publications, based in London, Chicago and Hong Kong, embraces the magazines *Risk, Balance Sheet, Energy Risk* and *Emerging Markets Investor*, as well as conferences, directories and books.

Because of further expansion, we need three people for high level editorial positions. Knowledge of the wholesale financial markets and an ability to communicate specialist information in a clear and informative way is essential for all three. For one post knowledge of treasury or risk management within banks would be an advantage; for the second, knowledge of the energy markets would help; for the third, proven journalistic ability and experience, including writing, commissioning and editing skills, are more important than specialist knowledge. The first two posts might suit people with direct experience in a relevant industry sector who possess the ideas and drive to develop recently launched publications. Foreign travel. Competitive salary.

Send cv and covering letter to Helen Hunter, Risk Publications, 104-112 Marylebone Lane, London W1M 5FU. Mark envelope "Editorial."

PROJECT FINANCE MANAGER OIL & GAS INDUSTRY

COMPETITIVE PACKAGE INCLUDING BONUS | LOCATION KENSINGTON, LONDON

Petrofac is a medium sized contractor active in the oil & gas production and refining sector. The company operates mainly in the Middle East and Former Soviet Union where it has carried out several successful projects.

Applicants should have a banking or business studies qualification and five to ten years relevant experience. The successful candidate must demonstrate knowledge and experience of a wide range of financing methods including Limited Recourse Finance and counter trade and their deployment on oil & gas projects, particularly in the Former Soviet Union.

The selected candidate will work with a small Business Development Team. He must be flexible and take a hands-on approach to the preparation of financing studies and proposals.

Interested candidates should submit their CV's to:

Mandy Cangi, Petrofac UK Ltd., 346 Kensington High St., London W14 8NS.

GLOBAL PRIVATE BANKING
BUSINESS DEVELOPMENT MANAGER
Birmingham

Founded in Canada in 1869, Royal Bank of Canada is Canada's leading financial services institution and one of North America's largest banks with total assets of C$172billion at July 1994. We have offices in key financial centres throughout the world, providing access to a wide range of financial services to customers in over 100 countries.

The mission of the Global Private Banking team is to enhance the well being of our clients by preserving and enhancing their wealth. The role of the Global Private Banking Business Development Team is to assist in the mission, primarily by securing new clients, but also by active development of products to meet market demands. Both require a close and constructive working relationship with professional intermediaries, such as accountants and solicitors.

Due to continued growth, we seek an additional Manager within the Business Development Team. The position will be based in our Birmingham office, reporting to the Regional Manager, but extensive travel throughout the UK to attend meetings with existing or new intermediaries will be required.

Applications are invited from:

- Graduate qualified accountants or solicitors with at least five years experience, ideally in the areas of taxation, trusts, investment management or banking.
- Candidates should be confident in terms of meeting targets and proven sales skills will be an advantage.
- Computer literacy is desirable.

In return, we offer a fully competitive salary, plus mortgage subsidy, non-contributory pension and life assurance.

Please write in the first instance, enclosing a full CV to Paul Feetum, Regional Manager, Royal Bank of Canada Europe Ltd, 63 Temple Row, Birmingham B2 5LS

ROYAL BANK OF CANADA EUROPE LIMITED

Would you like a private Swiss bank behind you and a great career opportunity in front of you?

This is an opportunity for candidates with a financial background, not necessarily in sales, to head the UK marketing of a well established private Swiss bank, based in their London office.

The Bank

- A well established private Swiss bank founded over 150 years ago.
- Specialises in Personal Asset Management.
- Experienced management geared to working with a wide variety of international foundations, trusts and substantial private individuals.
- Long term commitment to marketing the investment services of the group in the UK.

The Opportunity

- To market the investment services of a well established private Swiss bank in the UK.
- To raise the group's profile amongst solicitors, accountants, IFA's and high net worth individuals.
- To capitalise on your experience in the financial arena and your ability to handle clients.
- To make the most of the group's long term commitment to marketing.

If you feel this opportunity might suit you, send your CV with a covering letter to: Box No A2197, Financial Times, No 1 Southwark Bridge, London SE1 9HL.

IMPRESSION MANAGEMENT

EUROPEAN INSURANCE RESEARCH

Our client is an independently-owned, international investment banking and stockbroking firm, with an unrivalled reputation for its investment research within the European and US markets.

The firm is currently seeking a Senior Investment Analyst with a background in research/analysis in the insurance/banking sectors.

The ideal candidate will be a graduate, with possibly a business or professional qualification, and should have several years experience with a broker/fund management house or within the insurance industry. He/She should have exceptional analytical expertise, excellent written and oral communication skills and the flexibility to work effectively within a small team.

There is a need for a high degree of fluency in business-based computer applications and the ability to produce concise reports, with a clear and reasoned investment conclusion.

This is an exceptional opportunity for the right individual with a keen interest in the insurance sector and the determination to succeed within an established and rapidly-growing firm.

Remuneration will reflect our client's ambition to attract a candidate of the highest quality and includes a highly competitive basic salary, performance related bonus and benefits package.

To apply, please write or contact Jonathan Evans at the address below.

Sammons Associates, Executive Search & Selection
Poupart House, 46 Fish Street Hill,
London EC3R 6BR
Telephone office: 071 895 8750 Fax: 071 623 6011
Telephone home: 0323 833846 Fax: 0323 833983

P R O D U C T M A N A G E R S

Strategic direction. Global focus.

INNOVATIVE, DYNAMIC AND FORWARD-THINKING, CEDEL IS RESPONDING TO TODAY'S INTERNATIONAL FINANCIAL MARKET AND SHAPING ITS FUTURE. OUR BUSINESS IS THE GLOBAL CLEARING AND SETTLEMENT OF FINANCIAL TRANSACTIONS, INCLUDING SECURITIES LENDING/BORROWING AND CUSTODY SERVICES. WE HAVE HEADQUARTERS IN LUXEMBOURG, OFFICES IN THE WORLD'S MAJOR FINANCIAL CENTRES AND OVER 500 STAFF.

We have a clear direction for future growth. Key to our plans is the appointment of Product Managers in the following business areas:

*** Securities Lending**

Your role will involve the research, strategic development and management of our borrowing and lending business, including the roll out plan into domestic markets.

*** Securities Database**

Your objective will be to investigate and identify improved pricing and information services consistent with database requirements in support of our custody services business.

*** New Issues**

You will develop a strategy and manage the resources involved in identifying, developing, testing and delivering new issue activities.

*** Custody**

You will provide the strategic and management expertise to facilitate the development, launch and review of custody products and services.

For all positions, we are looking for people with well-rounded industry experience, ideally gained in a global environment. A detailed knowledge of your specialist market is mandatory. A familiarity with IT systems is important while fluency in a language other than English would prove useful.

In return, we offer the opportunity to work in an exciting international environment. The remuneration packages are extremely attractive. You will be based either in Luxembourg or London, although some international travel is to be expected.

To apply, please send your CV along with a covering letter and recent photograph, quoting reference FT 16/11, to Cedel Human Resources Department. 67 Bd Grande-Duchesse Charlotte, L-1331 Luxembourg.

cedel

Our people make the difference

N E W T O N

Pension Fund Marketing

Pooled Pensions

Our client, Newton Investment Management is one of the UK's most successful fund managers, with plans to merge soon with Capital House Investment Management which will create a new company with £8 billion of assets under management. Following strong growth in its pooled pension business a senior marketing professional is now sought to join the pooled pension fund team based in the City.

Your brief will involve making presentations to existing and potential clients and to professional intermediaries. You will also be involved in initiating and implementing new strategies for product development and promotional literature.

The successful candidate is likely to be aged over 30 and able to demonstrate a record of excellence in winning new business in the UK pension fund marketplace. With a background in investment, you must possess outstanding communication and presentation ability. Particular importance will be attached to your marketing skills.

Remuneration will include a highly competitive basic salary and bonus scheme with a fringe benefits package. In the first instance, please send a full CV including salary details quoting reference 1063 to Fiona Law at FLA Ltd, 211 Piccadilly, London W1V 9LD. Tel: 071-738 9732.

FLA
SEARCH, SELECTION AND CONSULTANCY SERVICES

Who better to work with in the world's largest untapped market?

Substantial Package The City

At Moscow Narodny Bank, we're entering what promises to be one of the most exciting periods of business growth in our Trade Finance area.

The reason is simple.

As a British bank - with 75 years' experience in the City and a unique network of contacts across Russia and the republics of the former Soviet Union - we are better placed than any of our competitors to maximise business and minimise risk in the world's largest untapped market.

Using our knowledge of key niche markets and launching innovative new services to meet our clients' needs, we have laid the foundations of a potentially very lucrative - and already profitable - East-West trade portfolio.

Concentrating on Trade Finance and Countertrade, you will play a high-profile role in the Bank's business development, both in Western as well as Eastern markets. In addition, you will be able to identify strategic opportunities as well as lead and motivate a professional team.

To hold your own at senior-level negotiations around the world, you'll need strategic ability and strong technical understanding, derived from at least 10 years' Trade Finance experience. A proven presenter, you should also be able to take a broader view, establish your credibility quickly and communicate ideas persuasively.

In return, you'll enjoy a level of remuneration and career opportunity which more than match those of our competitors.

To apply, please write with full career details - stating your current salary and benefits package - to John Glover, Assistant General Manager - Human Resources, Moscow Narodny Bank Limited, 81 King William Street, London EC4P 4JS.

Moscow Narodny Bank Limited

The Bank for East-West Trade.

Senior Manager

Private Placements

Middle East

The HSBC Group is one of the largest banking groups in the world. The Group employs around 100,000 staff in over 3,300 offices worldwide, of which some 600 are in Asia.

A highly profitable Middle Eastern associate of HSBC, which provides a wide range of products and services through a network of branches, has recently created this new position for a Senior Manager, Private Placements, reporting to the Head of Private Banking.

From your Middle Eastern base, you will be responsible for identifying and marketing placement opportunities to high net worth and institutional investors. Although initially relying on leads generated from associates in Asia and Europe, you will eventually draw on your marketing skills to originate your own placement opportunities.

Aged between 30 and 40 and of graduate calibre, you will need at least 6 years' experience in either private, commercial or investment banking - experience which will ideally have been gained in a Middle Eastern client investor environment. It would be an advantage if you were fluent in both English and Arabic.

As well as a salary reflecting experience, you will enjoy normal banking benefits, usual for a position of this type.

Please send your details in writing to John Small, Manager Executive Resourcing, HSBC Holdings plc, 10 Lower Thames Street, London EC3R 6AE. Tel: 071 260 0637. Fax: 071 260 9322. All applications must be submitted by Friday, 25th November.

HSBC Holdings plc

Head of Marketing

Excellent Salary and Bonus Scheme

The Investment Management subsidiary of Singer & Friedlander, the independently quoted Merchant Banking Group, has in excess of £1 billion in discretionary funds under management. The Company currently manages a variety of portfolios on behalf of individuals, charities, pension funds and government bodies.

Due to the organisation's continued success, we now seek to appoint a high calibre marketeer to develop its Private Client business.

Our preferred candidate will take up the responsibility of devising the marketing/sales strategy that will drive the division forward. Even though the primary focus regarding the client base will be on UK Accountants and Solicitors, there will be scope to develop the business on an international basis.

Ideally you will be an excellent communicator, negotiator and relationship builder and have a thorough understanding of global equity markets.

This key role provides enormous potential to contribute to the overall business growth of the Company.

For a confidential discussion please contact Patrick Morrissey. Tel: 071-236 2400, Fax: 071-236 0316 or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

SHEFFIELD-HAWORTH
Consultants in Search and Selection

Confidential Reply Service • Confidential Reply Service • Confidential Reply Service

CURRENCY AND MONEY MARKETS

Senior Market Analyst / High-profile Treasury Team

Central London / to £40,000 + car

Our client, a £multibillion-turnover plc, has a 30-strong treasury which has established an impressive reputation among the financial community. It is now looking to fill this key position.

Initially, you will be a member of the team responsible for managing the group's exposures and dealing activities across both money and currency markets with an emphasis on foreign exchange.

This role requires an in-depth knowledge of foreign exchange and related treasury instruments. In addition, an awareness of, and interest in, the oil/gas commodity and related derivative markets would be an advantage.

A graduate, ideally in a numerate discipline, with strong analytical skills, you should have at least two years' experience in either corporate treasury or the financial or commodity markets.

Please send your full cv which will be forwarded to our client unopened. Address to the Security Manager if listing companies to which it should not be sent. Write to **Ref: T5117/FT, PA Consulting Group**, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

London (071) 730 9000 **Birmingham** (021) 454 5791 **Bristol** (0272) 294581

PA Consulting Group
Creating Business Advantage

Manchester (061) 236 4531 **Edinburgh** (031) 225 4481 **Glasgow** (041) 221 3954

Confidential Reply Service • Confidential Reply Service • Confidential Reply Service

COMMERCIAL BANKING EXECUTIVE

N M Rothschild & Sons Limited is a leading international merchant bank with a strong reputation for the quality of its corporate financial services. The Banking Division is currently expanding its corporate lending activities to take advantage of an increasing number of business opportunities. Consequently there is an opportunity for a young commercial banking professional to join an established London-based team.

The appointment offers excellent scope for career development. From the outset, the successful candidate will have significant personal responsibility for existing clients: there will be increasing involvement in marketing services to clients. As well as challenging opportunities in areas such as syndicated loans, MBO finance, and acquisition finance, the Division provides progressive and structured training to help Executives develop their expertise and prepare for greater responsibility.

Candidates will be graduates with not less than two years' commercial banking experience. Credit analysis skills will be important, together with the ability to write lucid reports. The role involves working closely with existing and prospective clients as part of a close-knit team. Initiative, good communication skills and interpersonal qualities are vital.

The remuneration package will not be a limiting factor for the right candidate.

In the first instance, please send a full curriculum vitae (indicating present remuneration) in the strictest confidence, to Sara Greve, Personnel Manager, N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

N M ROTHSCHILD & SONS LIMITED

YOUNG SYNDICATIONS MANAGER Salary £40-£50,000
This major international bank seek a banker aged 28-33 years able to source and sell down major sovereign/commercial lending transactions.

TAX BASED STRUCTURED FINANCIERS Salary £35-£60,000
Several prime UK banks urgently seek marketing orientated "commercially aware", tax solicitors or ACA's experienced in a combined structured finance, capital markets, derivatives, client advisory, product development role.

UK MIDDLE TICKET LEASING £30-£40,000
Several City vacancies for graduates formally trained in credit evaluations documentation etc. coupled with the ability to source structure and close deals (£1-£10M +). Age range 27/35 years.

PROJECT FINANCE MANAGER (ENERGY) Neg £45,000
Graduate banker aged c30 years with in-depth analysis/computer modelling experience *plus several years negotiating skills.*

ECONOMISTS X 2 £40-£50,000
Two major UK fund managers (£20 B. +) require No. 2 economists to provide economic advice to CIO's. Will be educated to MSc and with a macro bias, to compliment a wide range of investments. Securities/AM experience essential.

JUNIOR FI FM/ECONOMIST/BOND ANALYST £30-£35,000
UK FMs seek the above to train as a Fund Manager. Research bias essential, ideally in short term investments.

INDEX MATCHING FUND MANAGERS To £45,000
Two roles exist on passive funds covering UK and International indexes. Working within benchmarks candidates will implement tactical asset allocations, deal heavily in equities and Index derivatives and understand stock lending. Three years management of funds experience essential.

SPOT & FORWARD FX DEALERS £V.Neg
We urgently seek applicants experienced in the above mentioned in all currencies but especially EMS.

FIXED INCOME BOND SALES £Highly Neg
Several clients seek bond sales people with 2 years plus experience selling to institutions in Europe/UK.

Detailed CV's to BRIAN GOOCH or EDWIN LAWRIE

OBSB OLD BROAD STREET BUREAU
Search & Selection Consultants
65 London Wall, London EC2M 5TU
Tel: 071-588 3991 Fax: 071-588 9012

Qatar General Petroleum Corporation

QATAR GENERAL PETROLEUM CORPORATION (QGPC) is the national oil company of Qatar with its head office based in the capital city of Doha. QGPC is a large progressive organization with a successful history in the hydrocarbon industry and an exciting programme of developments including the world's largest proven gas reserves 'The North Field'. These development plans now call for a number of high calibre professionals to fill the following key positions:

MANAGER CORPORATE FINANCE

Duties
The successful applicant will report to the Director Finance and will manage the activities of 15 staff involved in:

- Computer modelling of the long-term capital requirements of the Corporation's multi-billion dollar oil and gas projects, joint ventures and investments; identifying sources of finance including revenue, bank loans, and export credits; *structuring and negotiation of packages with financial institutions*; interfacing with financial advisers; monitoring and controlling drawdowns; and checking, approving repayments, and
- Consolidation and analysis of group accounts.

Qualifications
Candidates must have a university degree (ordinary masters or doctorate) in economics, accounting or a *related field*. Professional accounting status (chartered or certified) is desirable.

Experience
A strong background in management, major project financing, the oil and gas industry, and energy accounting is required. *The successful candidate will have worked for an oil and gas major and/or a major* bank involved in large oil and gas project financing at a senior level for 10-15 years. **Ref. FIN01.**

THE COUNTRY

Geographically, Qatar is a peninsula projecting into the Arabian Gulf, with a warm coastal climate. Whether you are playing golf, relaxing on our beaches, joining in a range of sports offered at our clubs or just savouring the warm welcome and the enjoyable way of life, you will find that Qatar is the undiscovered pearl of the Middle East. *This forward progressive*, independent state is one of the most accommodating to the western culture where wives and families are encouraged to participate fully in the community. This together with the very obvious financial rewards, add up to one of the most attractive packages currently available in the Middle East.

EMPLOYMENT PACKAGE

The rewards, like the challenges, are substantial. All posts offer tax free salaries on long term contracts, free spacious air-conditioned accommodation, free medical and dental care, children's education assistance, generous annual leave (with paid air fares), transport allowance and heavily subsidised sporting and social facilities.

Candidates who must have the appropriate qualifications and experience to be considered **should send their resumes with a covering letter showing how they meet the specific requirements of the position applied for.** They should quote appropriate Reference Number, details of current salary, date of birth, availability and contact telephone/fax. *All applications should be sent to our Representative at the following address:*

ROUSTABOUT PUBLICATIONS LTD.
Dennis Davidson, QGPC Advertisement, Roustabout Publications Limited, Suite 5, International Base, *Greenwell Road, Aberdeen AB1 4AX. United Kingdom.*

ENRON

Enron Corp. is the largest integrated natural gas company in North America with a growing worldwide asset base of approximately $11 billion and over 7000 staff. Enron Europe is part of the Enron Capital & Trade Resources group and is responsible for providing value-added merchant services to its customers in all stages of the Energy chain from production and logistics to marketing. The Company is committed to develop innovative products in the natural gas, gas liquids and electricity markets and invest with its customers to enhance their methods of doing business.

MANAGER / DIRECTOR ENERGY SERVICES

The position will play a key role in the future growth of the Company by identifying, developing and closing new market opportunities. It will involve working closely with customers and suppliers to maximise the business development potential of the Enron Team as a whole.

The successful candidate must possess sound academic credentials with at least 5 years of relevant experience, demonstrating facility with technical and financial issues (including Derivative products) preferably within the energy industry, and proven ability to aggressively identify and close on opportunities.

The successful candidate will have the highest degree of initiative, be able to rapidly identify/evaluate new opportunities utilizing sound commercial acumen and be capable of implementing strategic decisions that will increase overall company performance. A broad experience in European markets preferred.

ANALYSTS

The Company is seeking Analysts to provide analytical support to the commercial departments. Based in London and reporting to the President, you will develop detailed analytical spreadsheets (Excel based) relating to projects, customers or markets. You will provide regulatory, risk management and pricing and proposal analysis. The position is rotational and you could initially be placed within one of the growing business units of Energy Supply, Marketing, Trading, Risk Management or Finance & Accounting. Each assignment will last approximately a year.

Highly motivated, self-starters, the successful candidates will possess an engineering or business related degree from a top university with a minimum of 1 years experience in industry or financial services.

Enron offers a progressive salary and flexible benefits package, including a share ownership plan.
Interested parties should send a detailed CV with current salary package, to arrive no later than 28th November, to:

Human Resources Department, Enron Europe Ltd., 34 Park Street, London W1Y 3LE

LONDON BASED OIL TRADING COMPANY

seeks

EXPERIENCED OIL TRADE MANAGER

A competitive remuneration package (including commission and benefits) is offered to the right candidate who will be fluent in Russian and have experience of trading oil/oil products on CIS markets.

Apply to:
Box A5502, Financial Times, One Southwark Bridge, London SE1 9HL

TRAINEE INVESTMENT MANAGER

A trainee investment manager is required for our European Equities department. Applicants must be a graduate with a minimum 2.1 degree, be fluent in a European language (other than English and French), numerate with an analytical approach and have good oral and written communication skills.

The successful applicant will be expected to undertake courses of study to meet IMRO's minimum requirements and a further investment related professional qualification.

Previous experience *in the financial services sector is not a* pre-requisite.

Written applications, attaching a curriculum vitae and including current salary, should be received by 5pm on Friday 25 November 1994 addressed to:

Mrs L A Loomes
AIGAM International Limited
1/11 Harbour Yard, Chelsea Harbour, London SW10 0XD
Member of IMRO

STRICTLY NO AGENCIES

PARTNER EXECUTIVE SEARCH GLOBAL FINANCIAL MARKETS

ACHIEVE INDIVIDUAL COMPENSATION UNRIVALLED IN THE EXECUTIVE SEARCH INDUSTRY

The Tallis Group is an independent executive search firm that works for a select number of investment banks and asset management companies on a range of London-based and international assignments. It has a reputation for producing a high quality level of service in a competitive environment.

There is an opportunity for a Partner to join this busy practice. You will have a number of years' experience of executive search (not selection) in relevant financial markets and as such will be achieving a consistent level of personal billings.

Find out more by contacting in strictest confidence,
Edward Clark, Chief Executive,
The Tallis Group,
95A Chancery Lane, WC2A 1DT.
Tel: 071 430 1247

APPOINTMENTS WANTED

COMPANY DOCTOR

Ex. PLC Chairman

Internationally experienced with extensive entrepreneurial background across widely diverse business sectors - engineering; construction; oil; FMCG manufacturing; leisure etc., *excellent interpersonal skills; first class team leader and* motivator.

Skilled top-level negotiator - sales & marketing; financing, acquisitions; mergers etc., Central London based.

Interesting and challenging assignments welcomed - any location.

Write to: Box A2127, Financial Times,
One Southwark Bridge, London SE1 9HL

BANKING RECRUITMENT

Credit Officer **£25-30,000**
An outstanding opportunity to join one of Europe's most prestigious banks. The role will involve *analysis and recommendation/approval, with delegated authority*, credit proposals on structured products and special counterparties. This will include all aspects of credit exposure management particularly relating to new products/exceptional translations. The successful applicant will be a resilient, self confident individual with excellent communications skills and 4-5 years experience gained in a Securities environment.

Corporate Banking **£60-70,000**
Our client, a well established International Bank, is looking to recruit a senior manager with experience of marketing to top UK and European corporate clients. Currently working for an international or clearing bank, candidates will have a proven track record of successful business development and the necessary drive and enthusiasm to build and eventually lead a team.

Please write in confidence including details of current remuneration package or telephone Peter Brooker, Associate Director.

Senior Swaps Marketing **to £100,000**
We have been engaged by a highly progressive International Bank which is committed to expanding their Swaps Marketing department. They require quality candidates with a first class established client base to take responsibility for the advancement of its sales capabilities in a complete range of products. The remuneration package is highly negotiable together with a performance related bonus.

Proprietary Trader **£80-100,000**
One of the world premier Merchant banks requires an experienced Proprietary Trader. The ideal *candidate will have extensive trading knowledge of all fixed income products and will be familiar* with using complex hedging strategies. This is an exciting opportunity for a motivated individual as the position comes with a highly competitive remuneration package as well as long term career advancement into a Senior Management role.

Please write in confidence including details of current remuneration package or telephone Mike Chilham.

GORDON BROWN & ASSOCIATES LTD RECRUITMENT CONSULTANTS
4th FLOOR, 2 LONDON WALL BUILDINGS, LONDON EC2M 5PP. TEL: 071-628 7601 FAX: 071-638 2738

Gordon Brown

FIXED INCOME SALES

To £75,000 + Substantial Benefits

A highly respected City bank requires a Sales Person to supplement the expanding Fixed Income division. The successful individual should have a strong academic background coupled with at least two years multi-currency, UK or German institutional sales experience.

CONVERTIBLE/WARRANT TRADERS

£ Highly Competitive

We are acting on behalf of a major international Banking Group who currently seek two convertible/Warrant Traders. Candidates, aged 25-30, should possess in-depth technical expertise together with two to four years relevant trading experience.

Please contact Keith Snow.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

JONATHAN WREN EXECUTIVE

CRÉDIT AGRICOLE

OFFICER/ASSISTANT MANAGER

COMMODITY AND TRADE FINANCE

Salary Negotiable

Due to increasing business we wish to create a new position in our Commodity and Trade Finance Division.

Prime responsibilities will be the support of the marketing team. The successful applicant will have the ability to analyse risks from a credit and transactional perspective in order to prepare credit proposals and facility/security documentation. A sound understanding of the financing tools used in secured transactional finance is paramount, coupled with a comprehensive knowledge of the workings of the London and US commodity terminal markets and the various hedging techniques available.

The ideal candidate will probably be aged between 28 and 35 and currently working in a similar environment. A basic knowledge of French is desirable.

To discuss this excellent opportunity please contact our retained consultant **Nick Lacy-Hulbert** *of Williams Wingfield Ltd through whom all responses will be channelled.*

Williams Wingfield Ltd, Search & Selection Specialists
Astral House, 125-129 Middlesex Street, London E1 7JF
Tel: 071-623 9493 Fax: 071-626 1263

Williams Wingfield

Emerging Markets Trader

US Investment Bank — £ Excellent

Our client is a highly successful US Global investment bank with an impressive track record in the emerging markets arena. They are currently looking to develop their emerging markets trading desk with the recruitment of an experienced LDC Debt and Equity trader.

The successful candidate will be responsible for developing and executing trading and positioning strategies in emerging market debt and equity. There is a particular emphasis on the fixed income markets of Eastern Europe, Turkey and Morocco and the equity markets of Eastern Europe, Africa, Turkey and Greece. There is also a concentration on the external debt of Latin America, Eastern Europe and Africa.

Candidates should possess:

- Ideally three years LDC trading experience within the Latin American, Eastern European and African markets.
- Specific recent involvement in the local debt markets of Turkey and Morocco.
- Experience of the equity markets of Turkey, Greece and Morocco.
- A strong quantitative background with highly developed analytical and credit skills
- Fluency in French and Turkish.

This is an excellent opportunity for a talented and ambitious trader to develop their career in a well respected global institution. Interested candidates should contact **Gavin Starling at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.**

All applications will be treated in the strictest confidence.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

Emerging Markets Analyst

London — £ Excellent

Our client is a major US banking institution with an enviable reputation within the Emerging Markets arena. They have a dynamic and aggressive approach to developing their business on a global basis. Recent expansion has created an opening for an EMERGING MARKETS ANALYST to join a highly successful desk.

The successful candidate will be responsible for researching the debt and equity markets primarily of Russia but also with emphasis on Eastern Europe and Africa. Candidates will be expected to develop positioning strategies in these markets.

Candidates should possess:

- A minimum of 12 months experience of emerging market research.
- A strong quantitative background and highly developed analytical skills.
- Specific experience of the Russian debt and equity markets. Candidates should also have a direct knowledge of Russian financial instruments (GKO's Ministry of Finance Bonds and Ruble/USD futures).
- A degree from a well regarded University with a significant focus on finance and accounting.

This position represent an excellent opportunity for forward thinking and dynamic individuals to join a premier global investment bank with a highly successful emerging markets group. Interested candidates should write to **Gavin Starling, Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.** Telephone 071 831 2000.

All applications will be treated in the strictest confidence.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

European Public Sector Analyst

London — Attractive Package

Our client is a global financial services institution which has a reputation for excellence. The London office is expanding due to growth in demand for its services and this has created an opportunity within the Public Sector Group.

They now seek an individual to analyse and evaluate the financial health and credit quality of regional and local governments and other public service providers in fields such as housing, healthcare and education, throughout Europe.

The work will involve meeting regularly with senior government and agency officials and following sectoral developments. Additionally, to successfully evaluate the various public sector entities, the candidate will need to analyse their financial performance, their efficiency and effectiveness and the policy environment in which they operate.

The successful candidate will be a graduate, preferably in public policy studies, economics or finance with some public sector experience. Due to the high profile of the role, applicants must have excellent written and oral communication skills, strong interpersonal skills and be a confident self-starter. Basic financial analytical skills are essential and European language skills, particularly fluency in Italian, Spanish or German, would be of benefit.

This is an exciting position for someone with a keen interest in new approaches to the financing of government and public services.

There are several avenues for diversification within the role and for the right individual, good progression in terms of responsibility and position is anticipated. Eventual relocation to other European offices may be a possibility.

Our client will offer an attractive remuneration package based on a generous basic salary which will entirely reflect experience.

Interested applicants should contact **Karina Pietsch** on **071 831 2000** or write enclosing a curriculum vitae at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 071 405 9649.**

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

SIB

PIA Supervision

Review Team Member

The Securities and Investments Board's wide ranging responsibilities as lead regulator under the Financial Services Act include overseeing the activities of the Personal Investment Authority – the newly formed main regulator for the marketing of retail investment products and services to the general public.

SIB has a new supervision department dedicated to ensuring that PIA delivers high standards of investor protection and regulation. SIB now wishes to appoint a member for the review team within this department. Reporting to the team manager, responsibilities will include:

- Critical review of regulatory procedures and activities across the breadth of PIA.
- On-site assessment of PIA's monitoring and enforcement activities, including participation in visits to member firms.
- Contribution to both the development of policies and procedures for review and of standards for cost effective regulation.

This review unit complements and informs a supervision unit which assesses PIA's management plans, performance against plans and the aptness and adequacy of its policies and resources for fulfilling its regulatory functions.

Applicants should be at least of graduate calibre, may have a legal or accountancy background, or a relevant industry qualification, and should have experience of or familiarity with some of the following areas:

- FSA compliance in retail financial services (whether in the industry or in regulation).
- Retail financial services and markets.
- Private customer portfolio management.
- Training and competence.

An aptitude for critical analysis together with good communication skills, both written and oral, are essential as is a mature personality with sound judgement.

Interested applicants should in the first instance contact **Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH,** quoting reference 208977. Telephone 071 831 2000.
Closing Date 28th November 1994.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

Equity Derivatives Trader

Leading UK Investment Bank

City — £ Excellent

Our client is a leading investment bank and a recognised leader in the innovation and trading of derivatives products. Their Equity Derivatives Division in particular enjoys pre-eminet status and an excellent reputation for trading and marketing within the global market.

As part of their global expansion strategy and to maintain this premier position, the bank is now seeking to recruit an additional trader who will be responsible for analysing global market trading trends and identifying potential opportunities in the convertible bonds market.

Candidates of interest will have:

- A highly quantitative background and most likely be educated to Ph.D level in mathematics or a related numerate discipline.
- Display in-depth technical knowledge of option theory and exhibit the analytical and mathematical skills necessary to price, trade, hedge and risk manage exotic options.
- Have experience of trading options as principles and exploiting arbitrage opportunities to minimise risk.
- Extensive experience of the design, development and modification of computer models for asset swapping.

This is an excellent opportunity for an ambitious quantitative trader to join a dynamic and innovative environment, and a team recognised throughout the market for their flair and trading excellence. Remuneration, based around a first rate salary is highly attractive and is indicative of the high calibre candidates we wish to attract.

In the first instance, interested candidates should contact Karen Gay at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH, quoting reference 211289. Telephone 071 831 2000. Fax 071 405 9649. Alternatively, send your CV and full salary details to her at the above address.
All replies will be treated in full confidence.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 71 873 4054

Philip Wrigley on +44 71 873 3351

Joanne Gerrard on 071 873 4153

Project Finance Manager

Successful multi-national company (£9 billion turnover)

Paris — £ Excellent Package

Our client is distinguished by its company spirit and leading position in most of its activities. Its International Building and Public Works Division can rightfully claim to be one of the only groups to have maintained an increasing level of business with exceptional conditions of profitability.

This division is now expanding its Project Finance Department to take advantage of new business opportunities. Working as part of a small team you will play an active role in all aspects of the deals handled by the group, whose ambition is to provide the all-round financial expertise required to carry out projects from start to finish.

Aged 28/32 you should have a minimum of 4 years International Project Finance experience gained in a well recognised Bank. You will have a strong academic background and outstanding presentation, communication and interpersonal skills. Fluency in French is essential.

This is an exceptional opportunity to work with a market leader where you could benefit from a varied and long term career.

Interested applicants should fax a full CV and current salary details to **Alexis de Bretteville (Fax+47573918)** or write to **Michael Page Inernational, 3 boulevard Bineau, 92594 Levallois Perret Cedex, France** quoting ref **ADB10532FT.**

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

SENIOR OPERATIONS MANAGER

£65-75,000 + Banking Benefits

- Our client has a challenging opportunity within their International Operations area. The goals set for the successful individual will be to continually develop and improve the operations process through the use of modern management methods. The identification of key areas for improvement and the implementation of change through re-engineering techniques will be primary responsibilities. Through strategic reallocation of resources you will strive to streamline and automate many aspects of the operations areas and seek to put in place continual quality initiatives.
- This highly rated Global Investment Bank is without doubt one of the leading participants in the investment field. Due to the diverse nature of our client's business and their complete commitment to the development of their staff, they are able to offer unrivalled career opportunities for the successful individual.
- The suitable candidate will possess a very special combination of skills and experience. You should be aged to 35 and have a wide ranging knowledge of the recognised banking products ie bonds, equities and derivatives. Your track record to date will show positive career progression within a leading financial institution. You must be confident and outgoing with a creative flair and a sense of humour.

For further details regarding both the company and the actual role, please send your Curriculum Vitae in confidence to Antony Regamey and Rupert Harding-Batt at:

Michelangelo Associates, International Search and Selection,
Austin Friars House 2-6 Austin Friars, London EC2N 2HE
Tel: 071 973 0150 Fax: 071 972 0151/2

Michelangelo

BUSINESS ANALYSTS

Equities/Equity Derivatives
Fixed Income/Fixed Income Derivatives
Highly competitive City packages

McGregor Boyall Associates are a specialist selection firm offering integrated recruitment services to the investment banking community. We are currently assisting two major investment banks in their search for business analysts to fulfil the functions outlined below. Each firm has a distinct character which shapes the environment in which successful applicants will work. One is a British investment bank with a global reputation in emerging markets and continuous product innovation. The second is a major international banking force engaged upon a breathtaking expansion of its trading operations in London.

In both business areas a broad and deep product knowledge is mandatory (eg. equity indices, fixed and floating debt, exchange traded futures and options, OTC options, warrants, convertibles, equity swaps, structured products, etc.). Also required, however, is a genuine appreciation and understanding of the contribution made by IT to a firm's ability to trade successfully. Indeed, the primary task of successful applicants will be to define traders' business requirements and to communicate them effectively to highly talented technologists developing some of the City's most imaginative and powerful trading systems.

These positions, critical and urgent, will only be filled by candidates of the highest calibre - a fact which is recognised by both firms and which is reflected in their commitment to offering the highest rewards and career opportunities.

To discuss these positions in strictest confidence, please contact Karen Higgins or Suzanne Atkinson, quoting reference BAFT11, on 0171 - 734 4010. Alternatively, send your CV to us at McGregor Boyall Associates, Sutherland House, 5-6 Argyll Street, London W1V 1AD. Fax: 0171 - 734 1297.

McGregor Boyall
Business & Technology Selection — Financial Markets Division

هكذا من الأصل

هكذا من الأصل

CJA RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

CP TRADER

CITY

£40,000-£55,000 + PERFORMANCE BONUS

MAJOR EUROPEAN BANK

Our client sees sustained demand for Commercial Paper and is upgrading its operation by creating this new position within the existing Asset/Liability Group of the Treasury Department. We invite applications from candidates with a minimum of three years' active trading experience, a knowledge of the investor base and current clearing/back office procedures. The appointed candidate will set up and run a trading and investment portfolio, improve distribution channels, as well as increase the Bank's visibility with potential issuers whilst liaising closely with other relevant parts of the Bank. Remuneration will be negotiable in relation to experience, including a full bank benefits package. **Applications in strict confidence quoting reference CPT4996/FT, please telephone 071-638 0680 or fax/write to the Managing Director, CJA.**

INVESTMENT ANALYST

LEADING EUROPEAN BOUTIQUE **CITY**

The company is a leading specialist provider of unquoted debt and equity financing to a wide range of industries throughout Europe. The majority of its investments take the form of management buy-outs or private debt placements. Its fast growing portfolio currently stands at £2 billion and spans nine European countries. Owned by one of the largest American financial institutions, the company is well known throughout Europe for its high calibre.

As a result of its continued growth, the company is seeking to strengthen its junior-level investment staff. Applications are invited from graduates with ideally at least one year of experience in analysing companies for a major investment organization, accounting firm or management consultant. Individuals who have completed a training programme with a respected investment bank, merchant bank or commercial bank are particularly encouraged to apply. A second European language, although not essential, would be preferred.

Successful candidates can expect to be fully challenged in a fast pace, supportive environment. Working in a small office environment will also require the analyst to assume a higher level of responsibility than typical in a larger firm. As part of a transaction team typically comprising three individuals, the analyst will be responsible for conducting intensive financial and business analysis of prospective investee companies. Opportunities in developing relationships with portfolio clients as well as managing and monitoring existing investments will also be available.

The competitive remuneration package is designed to attract the best candidates available.

Interested candidates should please write in confidence, enclosing full CV, to Box A2199, Financial Times, One Southwark Bridge, London SE1 9HL

SPOT FOREIGN EXCHANGE TRADERS

London — *Highly attractive salary plus bonus*

Our clients are a major international wholesale bank which is expanding its treasury operation worldwide and now has a significant opportunity for two spot foreign exchange traders to assist them in their strategic objective of growth.

The successful candidates will have a minimum of five years' experience trading major currency crosses. The individuals must be strong team players, having a professional approach and a good knowledge of international banking.

Candidates, who will be able to make an immediate contribution to our clients' success, are offered extremely attractive salaries and bonuses, with excellent opportunities for career progression.

Please write with full CV, including salary history and daytime telephone number, quoting reference 3069/FT, to John Sleigh, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071- 493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

CJA RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Opportunity to make a mark within a small, successful team

CORPORATE BANKING - FINANCIAL INSTITUTIONS

CITY

£30,000-£40,000 + BONUS

MAJOR EUROPEAN INTERNATIONAL BANK

This new position is due to our client's success in developing lending and treasury business with domestic and international financial institutions in the UK. The successful applicant will market to new and existing customers across the range of financial institutions, identify business opportunities and will be responsible at all stages of the transactions, including credit and risk analysis, structuring, negotiation and documentation. There will be continuing account responsibility. We invite applications from numerate graduates with a minimum of 3 years' corporate banking experience, sound product and credit skills and familiarity with loan documentation. PC literacy is desirable and some exposure to financial institutions will be an advantage. There will be customer contact at senior level and a strong, confident personality is essential. Initial remuneration negotiable £30,000-£40,000 + bonus and banking benefits.
Applications in strict confidence quoting reference CBFI5001/FT to the Managing Director, CJA.

Corporate Finance Director

High Profile Business Development Opportunity

Leeds — £ attractive package

Our client is a long-established financial services group with an impressive client base located principally in the North of England. The corporate finance business of the group has seen significant growth over recent years under new dynamic leadership and a further senior appointment is now proposed in the expanding Leeds office.

The role will involve business development and execution of transactions for public and larger private companies, including advising clients on mergers and acquisitions, MBOs, stock exchange compliance, financial restructuring, as well as flotations and capital raising.

Reporting to the Managing Director the candidate will be expected to establish close and effective relationships with a broad range of corporate clients in the Yorkshire region. The working style of the Group is collegiate and the appointed candidate will benefit from the support of colleagues in the Group's offices in London and Manchester

Candidates will be well-qualified, graduate calibre, corporate finance professionals, ideally with an established network of contacts in the North of England. Attitude and aptitude are more important than age, which is likely to be 30s to mid 40s. Energy, commitment with clear thinking and communication skills are essential for this outstanding and demanding opportunity.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 94371N on both letter and envelope, and including details of current remuneration and availability

GKRS
SEARCH & SELECTION
PARK HOUSE, 6 KILLINGBECK DRIVE, YORK ROAD, LEEDS LS14 6UF TEL: 0532 484848.
A GKR Group Company

INTEREST RATE OTC DERIVATIVES MARKETING

- A major European Bank is looking to recruit an experienced marketeer to be based in London. This is an opportunity to work at an established, highly reputable, well rated organisation which excels in the field of Derivatives and has a global presence in Capital Markets. The Bank is able to offer a genuinely attractive career structure due to expansion and a commitment to the development of innovative global derivative products.
- The company requires a candidate with a quality Degree from a reputable University and a minimum of two years experience in a similar role. The post demands excellent analytical ability, combined with effective oral communication skills. The position requires an individual who has an established European client base in Northern Europe (France, Germany etc.) with the relevant language skills, while additional coverage of Scandinavia or South Europe is also of interest.
- The position will be remunerated at a competitive level commensurate with experience.

Please write in confidence to Alison Phillips at the address below:
Michelangelo Associates, International Search and Selection,
Austin Friars House, 2-6 Austin Friars, London EC2N 2HE
Tel: 071 972 0150 Fax: 071 972 0151/2

Michelangelo

Leiter/in der Auslandsabteilung Österreichische Großbank

In Österreich sind wir als erfolgreiches Spitzeninstitut mit internationaler Ausrichtung am Wiener Bankenplatz bestens etabliert. Die steigende strategische Bedeutung unserer Auslandsaktivitäten bietet nun einer erfahrenen und äußerst ambitionierten Persönlichkeit die Herausforderung, das internationale Engagement unseres Institutes qualitativ noch weiter auszubauen.

Als Direktor/in unserer Auslandsabteilung nehmen Sie neben den üblichen Führungsaufgaben die Gestionierung des gesamten Auslandsobligos sowie die Vertretung unseres Unternehmens auf internationaler Ebene wahr. Basierend auf den existierenden Geschäftsfeldern besteht Ihre Aufgabe in der systematischen. Weiterentwicklung unseres Auslandsengagments. Neben einer soliden bankkaufmännischen Ausbildung und einschlägigen Auslandserfahrung sollten Sie gute Kenntnisse des internationalen Kommerzgeschäftes mitbringen. Persönlich erwarten wir von Ihnen ein ausgeprägtes Risikobewußtsein, unternehmerisches Denken und entsprechende Führungserfahrung. Wenn Sie sich von dieser - in jeder Hinsicht interessanten - Entwicklungsmöglichkeit angesprochen fühlen, informieren wir Sie gerne näher (Referenznummer 321).

DR RANTASA
Consulting

A-1090 Wien, Mariannengasse 14/10, Tel.: 0043 1 402 14 10

APPOINTMENTS WANTED

Conscientious GERMAN BROKER
Uni. degree, fluent Engl., Fr. & Germ. some Dutch & Japanese.
Great institutional contacts & City experience. Seeks new challenge in sales/trading or fund mgt. environment. SFA regist. & NASD/NYSE/CFTC rr (s.3 + s.7). Strong desire to profitably trade derivatives and/or forex for top (investment) bank. Luxembourg-based, relocation possible. Serious enquiries only, please to: Box A5002, Financial Times, One Southwark Bridge, London SE1 9HL.

ATTORNEY/SOLICITOR

3+ years experience & strong Russian language skills sought for Moscow office of major New York law firm.

Please reply to Box A2455, Financial Times, One Southwark Bridge, London SE1 9HL

OIL, COMMODITIES, SHIPPING EXECUTIVE
Young C.E. Experience in oil, commodities and shipping. Actual buying, negotiating contracts - operations. Worked with American and British companies, 2 years in Africa and C.I.S. Seeks new assignment with international company. Specific projects. Start ups.
FAX: 44 81 211 7780

INTERNATIONAL CONTROLLER,
42 years, with more than 12 years experience. Background includes expatried assignments in USA., Spain, Mexico, Argentina & Chile. Seekings for similar position in Spain or any of the above mentioned countries.
Write to: I.C. Infanta Mai Teresa, 16 1°Izq. (28016) Madrid, Spain.

OMLX
THE LONDON Securities & Derivatives EXCHANGE

Derivative Product Development

£ Negotiable

The OMLX exchange is one of London's six Recognised Investment Exchanges. It specialises in the trading of standardised and Flex™ futures and options on a variety of international equity derivatives. It is an innovative and progressive exchange committed to broadening significantly its product range.

The exchange is now increasing the resources it devotes to product development and is looking for a PRODUCT DEVELOPMENT SPECIALIST capable of being a leading player in a small and young team, reporting directly to the Business Development Director.

He/she will be educated to a degree level, and possibly MBA qualified. The person chosen will play a major role in developing innovative new products in close consultation with leading market participants.

The successful candidate will already have a sound knowledge of the derivative markets, in particular regarding equities, and will have some experience of developing new products either within an investment house or in an exchange.

This will be a key role within the exchange, and as such, will attract a competitive salary and benefits package related to the candidate's experience.

To apply, please send a full CV including details of current remuneration to:

Carole Machell
Head of Administration
OMLX, The London Securities and Derivatives Exchange
107 Cannon Street
London EC4N 5AD

Financial Services Regulation

Research & Development Officer

IMRO - Investment Management Regulatory Organisational Limited - sets, monitors and enforces standards of investor protection for a diverse Membership, including fund managers, unit trust managers, pension fund managers, venture capital companies, banks and trustee companies.

We are establishing within our Monitoring Department a Research and Development Unit, whose purpose is the identification of and research into industry trends and developments which may pose potential hazards to investors.

In the varied and challenging role of Research and Development Officer, reporting to the Unit's Manager, you will develop a general overview of IMRO Member firms and their businesses as well as a detailed grasp of IMRO rules and other relevant regulations.

The individual we seek may come from a variety of functional backgrounds, including professionals from a research, financial journalism, academic or Member firm environment. Wherever your investment management industry experience has been gained, you must be capable of broad, conceptual thinking, or communicating ideas and information in an articulate, concise manner, of building productive working relationships and of producing and implementing creative initiatives and new ideas.

Your initial salary will be related to relevant experience and qualifications, which should include at least a first degree. The benefits package will include a non-contributory pension, life assurance and BUPA. In addition, there are excellent opportunities to develop your career at IMRO in a variety of areas.

Please write (under confidential cover) with curriculum vitae, stating how you meet the requirements of the position, indicating current salary and quoting reference RD94/11, to Clare Woodcock, Personnel Officer, IMRO, Broadwalk House, 6 Appold Street, London EC2A 2AA.

IMRO

EUROPEAN INVESTMENT BANKING

The company is a highly prestigious securities house offering traditional investment banking products and services as well as specialist advice to clients seeking financing and asset management within Europe and Emerging Markets. They currently wish to hire, for their London office, the following specialist individuals and salaries will be negotiated accordingly.

PROPRIETARY TRADER - FAR EASTERN SECURITIES EMERGING MARKETS

Candidates with a postgraduate degree will be skilled Quantitative Proprietary Traders with sound experience in either the fixed income or equities markets plus associated derivatives. Two to three years experience with a leading investment bank or hedge fund is essential and exposure to US, Far Eastern markets and/or Emerging Markets would be beneficial.

QUANTITATIVE ANALYSTS

Applications are invited from highly numerate analysts with 2/3 years experience in the financial markets with backgrounds in risk management, pricing methodology and the development and applications of trading models. Sound knowledge of econometrics and/or neutral networks would be an advantage.

FUND MANAGER - EMERGING MARKETS

Prospective candidates should be Investment Managers with 2/3 years proven experience in Emerging Markets, ideally Eastern Europe, able to demonstrate high levels of success and a sound knowledge of derivatives.

All candidates will possess 1st class communication and interpersonal skills and demonstrate the high levels of team driven energy, motivation and commitment necessary to meet the continuing challenge that this role and the development of a successful business presents.

In the first instance please write enclosing full C.V. to Ref FRMS AJS at the address below. All applications will be treated in the strictest confidence.

Firth Ross Martin

SELECTION

FIRTH · ROSS · MARTIN ASSOCIATES LTD

Bell Court House · 11 Blomfield Street · London EC2M 7AY · Telephone 071-628 2441 · Fax 071-382 9417

A MEMBER OF THE BLOMFIELD GROUP

Qatar General Petroleum Corporation

QATAR GENERAL PETROLEUM CORPORATION (QGPC) is the national oil company of Qatar with its head office based in the capital city of Doha. QGPC is a large progressive organization with a successful history in the hydrocarbon industry and an exciting programme of developments including the world's largest proven gas reserves 'The North *Field*'. These development plans now call for a number of high calibre professionals to fill the following key positions:

CORPORATE FINANCING ANALYST

Review and monitor program with companies which relate to granting concession for oil exploration, field development and sharing of production. Identify sources of finance, preparation of optimum financing structure, assessment of risk and formulating plans for its minimisation. Review feasibilities, develop hurdle rate for project evaluation and priortisation. **Ref. FIN02**

PROJECT ACCOUNTING CO-ORDINATOR

Responsible for the financial monitoring of large multi-million dollar projects. Scope of work includes administration of contracts, review of budgets, processing of invoices, monitoring and control of expenditure, and maintenance of all related accounting data. Duties include preparation of periodic reports for advising management on progress achieved and variances. **Ref. FIN03**

GROUP ACCOUNTANT

Responsible for the development and preparation of consolidated financial and operational reports for management to assist them in their review and control of operations. Must be well versed and experienced in the use of financial ratios like, Return on Capital Employed, Return on Equity, Capital Turnover, etc. Preparation of high level summary reports directed at Senior Management and Board. **Ref. FIN04**

COST & BUDGET ACCOUNTANT

Develop budget guidelines, participate in the preparation and assist in the review and finalisation of budget. Processing of request of expenditures and materials against approved budget. Review and analysis of Expense and Project cost reports. **Ref. FIN05**

To fill one of these positions candidates *must* have a recognised degree and professional western qualifications in accountancy (CA, CIMA, CPA, ACCA) and at least 10 years' experience in the appropriate field with an international oil/gas company. Must also be experienced in PC and computerised accountancy software. Good inter-personal and managerial skills. Ability to work with and lead a multinational staff.

THE COUNTRY

Geographically, Qatar is a peninsula projecting into the Arabian Gulf, with a warm coastal climate. Whether you are playing golf, relaxing on our beaches, joining in a range of sports offered at our clubs or just savouring the warm welcome and the enjoyable way of life, you will find that Qatar is the undiscovered pearl of the Middle East. This forward progressive, independent state is one of the most accommodating to the western culture where wives and families are encouraged to participate fully in the community. This together with the very obvious financial rewards, add up to one of the most attractive packages currently available in the Middle East.

EMPLOYMENT PACKAGE

The rewards, like the challenges, are substantial. All posts offer tax free salaries on long term contracts, free spacious air-conditioned accommodation, free medical and dental care, children's education assistance, generous annual leave (with paid air fares), transport allowance and heavily subsidised sporting and social facilities.

Candidates who **must** have the appropriate qualifications and experience to be considered **should send their resumes with a covering letter showing how they meet the specific requirements of the position applied for.** They should quote appropriate Reference Number, details of current salary, date of birth, availability and contact telephone/fax. All applications should be sent to our Representative at the following address:

ROUSTABOUT PUBLICATIONS LTD.

Dennis Davidson, QGPC Advertisement, Roustabout Publications Limited, Suite 5, International Base, Greenwell Road, Aberdeen AB1 4AX United Kingdom.

STOCKBROKERS REQUIRED

Young City based comp. requires 4 S.F.A. registered individuals to service our existing client base of private investors. Basic & commission package. If you are between 25-35 yrs have min 3 yrs exp. enjoy a hardworking environment call 071 403 3213 for more information.

EQUITY, FX SALES, RESEARCH

FX Futures Traders with 2+ yrs practical Market Making. Portfolio skills. Exchange exp., Options theory & Risk Management essential. FX Sales people with Fund style large house experience. PhD or 2:1 Quantitative Analyst with computing. Visual C, C++.

Campion Recruitment Ltd, Africa House, 64/78 Kingsway, London, WC2B 6AH.

Tel: 071 831 6600 Fax: 071 831 6622

Financial Public Relations

Senior Consultant

A major consultancy seeks a senior player to fill demanding role. FTSE and Household name clients. Flotations, Media & Analyst liaison and calendar work c.£35,000.

Account Director (Broker/Analyst Exp.)

Do you have quality experience in financial media relations, combined with knowledge of Capital Markets and a background as a broker/analyst? This is a unique opportunity to work on first class international accounts. c.£27,000+.

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ACCOUNTANCY

Step by step on insolvency harmonisation

Jim Kelly on moves to draw a framework for insolvency to facilitate mutual recognition and co-operation

Accountants do not often get shot in the line of business. It took the Byzantine collapse of Polly Peck to add this particular danger to the many facing accountants.

The accountant concerned, David Adams of Cooper's & Lybrand, was attacked while leaving the firm's Istanbul offices in August. He was, apparently, mistaken for Chris Howell, one of the executives handling the administration of the now bankrupt fruits-to-electronics conglomerate.

The gunman later claimed he was offered £5,000 for the shooting.

Meanwhile, the administrators have been subjected to abusive telephone calls, gun-waving farmers, and superglued locks.

Both cases of intimidation, while one more extreme than the other, are depressingly familiar. Two legal systems, two sets of insolvency law, and the disputed recognition of the status of the administrators and courts conspiring to keep the creditors waiting.

Chris Barlow, the Coopers' administrator to Polly Peck in London, says that a range of cross-border issues in insolvency present an "ever increasing problem" as the network linking multinational company assets becomes more complex.

In recent years several major corporate collapses have involved complicated administrations across several jurisdictions: the Maxwell empire, Lancer Boss, Leyland Daf, and BCCI, the global ramifications of which cover 69 jurisdictions and are currently holding up the second attempt to reach an acceptable offer to creditors. One creditor has applied to the London-based administrators from British Antartica.

One of the organisations trying to solve some of the problems is Insol International, the London-based organisation which represents accountants, lawyers, bankers, and government officials involved in cross-border insolvency and rescue. It has 6,000 members in 56 countries, 1,000 of whom have joined in the last year.

Founded in 1982 at a conference at Cape Cod, Massachusetts, the organisation grew through the recession of the late 1980s. Insol is considering applications for membership from Nigeria, and the recently-formed Russian insolvency practitioners association.

The expansion of international investment, particularly into the former Eastern Bloc, has highlighted the need for a framework for insolvency. Investors are looking for sound insolvency procedures before they move across borders.

"You will not get inward investment unless you can get an equitable system for dealing with insolvency. Although laws on cross-border insolvency relate only to a limited aspect of international trade law, these laws are a crucial element in developing a legal environment that facilitates cross-border finance," says Stephen Adamson, president of Insol.

Earlier this year Insol began working with the United Nations Commission on International Trade Law. Prompted by the failure of efforts to establish "utopian" international laws, it was decided at a meeting in Vienna to try and solve some of the problems by step-by-step harmonisation.

"There was a mood among delegates that rather than wait for a world-wide model to provide the ideal solution, which could take hundreds of years to achieve, we should take the initiative and progress harmonisation step by step," says Mr Adamson, a partner with Ernst & Young.

After the conference Gerold Herrmann, Uncitral secretary, said: "It is in every nation's interest to assist in the reconciliation of insolvency law."

While the delegates backed specific recommendations, such as the establishment of specialised courts in all countries to deal with international insolvency, care was taken not to seek a specific framework for new laws."

Two initiatives, backed by Uncitral, are under way. A panel of judges working in insolvency from around the world is to meet in Toronto in March next year to put together a "highway code" for the judiciary, to promote "comity" between jurisdictions – the principal of mutual recognition and co-operation.

Meanwhile, an Insol working group is preparing a "menu" of bolt-on pre-prepared legislative measures that could be added to national law to improve the procedures for the recognition of administrators and their access to courts. Adoption of these legal "kits" would bring about gradual harmonisation. Both reports will be presented to Uncitral in New York in the summer of 1995.

But the Insol-Uncitral initiatives face fundamental problems. The insolvency codes of, for example, the US, Britain and France, all measure success in insolvency differently: in terms of helping the debtors, the creditors and the employees. "No one is wrong," admits Mr Adamson, "we just want to recognise the differences."

The success of Insol in at least prompting debate can be measured by two recent requests. Earlier this month the Russian Federal Agency on Insolvency called on Insol, along with the World Bank and the European Bank of Reconstruction and Development, to help in the overhaul of inadequate insolvency laws. And Ellen Seidman, special assistant on economic policy to US president Bill Clinton, asked Insol to give evidence to the Interagency Working Group of Bankruptcy Reform. Insol executive members gave their views on the US bankruptcy code and urged the need to consider multinational problems in proposed reform.

Mark Homan, senior partner at Price Waterhouse, supports progress towards harmonisation but questions if such "soft law" is rigorous enough to cope with a major corporate collapse.

Christopher Morris, senior liquidation partner at Touche Ross, also asks whether any agreements can withstand the pressures of "locals first" when it comes to a multinational corporate collapse. While some insolvency law, notably the UK's, does seek to protect the interests of those from other jurisdictions there are wide international variations.

Mr Homan says Insol should stress the need for a framework within which investors can measure risk before undertaking a transaction. As part of that framework he suggests some form of code, preferably consolidated into international treaty with the force of law, which would make it clear in which country a company would be wound up in the case of failure.

The legislation could pinpoint the "principal centre of management" of the company and this could be declared in its accounts. In the case of corporate failure the administration would take place primarily in the country indicated. Mr Homan suggests that the country of choice could be changed only after notification in subsequent annual accounts.

Some critics of Insol take the view that cross-border insolvency problems only affect the big corporate collapses and therefore, only the big firms. But increasing numbers of practitioners are becoming enmeshed in work which takes them into other jurisdictions. Malcolm London, of the UK's Insolvency Practitioners Association, estimates that about a third of licenced practitioners are involved in such work. Insol estimates that 30 per cent of so-called insolvency work across borders is in fact rescue work: involving restructuring and reorganisation.

Despite the criticisms of Insol's initiatives with the UN, many professionals will be waiting impatiently for some form of progress on harmonisation.

Pénzügyi vezetot, fokönyvelot keresünk multinacionális szórakostatóipari társaság részére

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OLD BAILEY HOUSE, 7 OLD BAILEY, LONDON EC4M 7NB. TEL: 071-329 4649 FAX: 071-329 4677

FINANCIAL Accountant

to £32k + benefits · central london

Unilabs Group is a fast growing European healthcare company, which is already the largest independent provider of pathology services in the UK.

Unilabs UK is expanding rapidly in a changing market. The UK group currently employs 280 people and has a turnover of £15 million.

The financial accountant will report directly to the finance director as part of a newly formed finance team. The role will be varied and will encompass systems development, financial reporting and analysis, including US SEC requirements, and management of the accounting function. Due to the growth of the group there is also a requirement to integrate new businesses such as facilities management contracts and acquisitions. There will be considerable exposure to top management of the UK and European group.

The position requires a qualified Chartered Accountant with first time passes and a minimum of one year's p.q.e.

You will have an enthusiastic, problem solving approach coupled with well-developed organisational and prioritising skills, together with a strong grasp of technical aspects.

If you are interested in moving into an exciting and demanding environment with a responsible and a varied role then please send your CV to: Dominic Gibb, Finance Director, Unilabs UK, Bewlay House, 32 Jamestown Road, London NW1 7BY.

UNILABS UK

APPOINTMENTS WANTED

Self-motivated, enthusiastic business professional with accounting qualification seeks employment in Pakistan. Currently employed in London by a large US multinational with proven track record in financial and operational aspects of consumer products. Pakistani born American citizen.

Please call Aamer Sheikh at 44-923-202747 or write to Box A5001, Financial Times, One Southwark Bridge, London SE1 9HL

CORPORATE FINANCIER

London-based Chartered Accountant/Merchant Banker with significant commercial and financial experience within the UK and Europe seeks interesting opportunity or challenging assignment.

All replies will be acknowledged and treated in confidence.

Write to Box A2068, Financial Times, One Southwark Bridge, London SE1 9HL

To £75,000 + benefits | Major National Services Group | London

Finance Director

Unique opportunity for an experienced and mature finance professional to join a small head office team charged with one of the UK's most demanding commercial challenges. Stimulating remit to support the evaluation and potential divestment of a group of subsidiary businesses with a £2 billion turnover, as part of a major restructuring programme, whilst maintaining a first-class service.

THE ROLE

- Reporting to the MD, with responsibility for financial management and analysis of numerous devolved business units, instilling tight financial control and rigour in the budgetary processes.
- Counselling and training the subsidiary boards and their Financial Controllers on best commercial practice and providing guidance on the use of approved financial intermediaries.
- Supporting the development of state-of-the-art control and information systems.

THE QUALIFICATIONS

- Graduate calibre accountant with divisional board level experience in exerting tight financial control, ideally in a service or distribution business.
- Track record of advising on sizeable strategic investment decisions. Prior experience in formulating change programmes, particularly downsizing exercises.
- A flexible and robust pragmatist with strong leadership and staff development skills who relishes change and is able to rise to a genuine challenge.

Leeds 0632 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F60221 14L, 16 Connaught Place, London W2 2ED

Senior Financial Analyst
c.30,000 + Car + Benefits

GUINNESS BREWING WORLDWIDE LTD.
Brewers of Distinction

Guinness Brewing Worldwide (GBW) is the brewing company of Guinness plc which is one of the world's foremost alcoholic drinks companies. It is a market leader with a wide range of brands including Guinness Stout and operates in an international, competitive environment where improving commercial effectiveness is critical to the long term success of the business. The company is organised on a regional basis and offers excellent opportunities for the successful individual.

The job is part of a small professional and highly motivated team within GBW Centre responsible for the production of Budgets, Quarterly Reviews, Monthly Operating reports and adhoc projects for the GBW Executive. This requires management liaison at all levels throughout the operating regions on commercial issues in each geographical territory.

Reporting to the Manager of Financial Analysis, you will assume responsibility for managing the process of Budgets and Quarterly Reviews to very tight timescales. You will be expected to identify and highlight trends and commercial issues within each operating company for assessment at GBW Executive level. Responsibility will also include the monitoring and ongoing development of two reporting staff.

This extremely high profile role requires a tenacious and committed individual who will pursue the resolution of issues and demonstrate a high degree of commercial acumen. Applications are invited from exceptional and ambitious qualified accountants who have gained at least three years post qualification experience who are now seeking an outstanding career opportunity with a leading international company.

If you feel that you can meet the requirements of this key role in our finance function please forward your CV to our recruitment advisor Mr Viv Blake at Heathfield Hargreaves, 10 Sedley Place, London W1R 1BG. Alternatively fax your CV to him on 071 493 3104.

HEATHFIELD HARGREAVES
LIMITED
LONDON ■ SUSSEX ■ NORTHAMPTON

Financial Controller

This highly profitable, multi-site, regionally managed business is implementing an aggressive expansion programme in the UK and is developing operations in Europe. Part of the parent group's strategy is to devolve full financial responsibility and accountability to their operating businesses. This has resulted in the creation of this new post.

Reporting to the Financial Director, your primary focus will be the management of financial data within the business and interface with Regional Directors. As well as being responsible for statutory and internal reporting, you will be functionally responsible for Commercial Managers within their operating regions. Additionally, you will be Team Leader for 3 managers within the headquarters finance team.

This position requires qualified candidates who have well rounded accounting skills gained in a commercial environment, ideally in the retail, leisure, or hospitality sector. Critical to your success will be your interpersonal skills and ability to work with all levels of management within a business with strict reporting deadlines.

To apply, please write to Tony Clarke, enclosing a full CV and salary details, quoting reference MD3962 at Macmillan Davies, Salisbury House, Bluecoats, Hertford, Herts SG14 1PU.

c.£35,000 + car

Thames Valley

Macmillan Davies

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Audit Managers

Investment Funds & Fund Management Practice

PW Hong Kong

Hong Kong has always been a base for investment funds and fund management business. Recently the industry has experienced considerable growth with new investment products being developed and serviced in Hong Kong. Price Waterhouse Hong Kong (one of the largest PW offices in the world) has a significant market share of prestigious clients which include a wide range of on-shore and off-shore investment funds investing globally, marketed both institutionally and to the retail market. Our clients include specialised funds and a number listed in Dublin, Hong Kong and London.

As a result of our growth, we wish to recruit audit managers to join us to service existing clients and to prepare for the growing demand for our services. You should currently be an audit manager, preferably working with a "Big Six" firm, with experience of investment funds and the fund management industry.

Initial contracts are for two years during which our dynamic business environment will offer an excellent opportunity to develop your professional skills and widen your experience. If you are ambitious and talented there are strong prospects for promotion.

If you are interested in this exciting opportunity please send your C.V., including details of relevant experience, in confidence, to:

John Thompson
Price Waterhouse World Firm Services BV
Southwark Towers
32 London Bridge Street
London SE1 9SY
Tel: 071-939 2065
Fax: 071-939 2655.

Price Waterhouse
Your World of Opportunity

Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

A KEY ROLE WITH A GENUINE MARKET LEADER

REGIONAL CONTROLLER

Avon | c£32,000 + Bonus + Car

This position is with the UK subsidiary of a leading International Group which is a worldwide organisation and a market leader of its services.

As Regional Controller, you will be responsible for the financial and management accounting of a multi-location region which has a turnover of £25m.

Controlling a staff of ten you will report to the Regional Director and support him in achieving growth in volumes and profit.

Aged 30-50 years with a recognised accountancy qualification, experience in a high volume, disciplined business environment, where corporate standards are fundamental, is essential. Of paramount importance is strong IT skills particularly relating to integrated computer systems and PC literacy. To succeed in this role you must be articulate, pragmatic, tenacious and enthusiastic with a track record of achieving objectives.

To apply for this position, please send your CV with a covering letter explaining why you are suitable and stating your current remuneration package to: Barrie J. Dowsett,

St Mary's House,
1 - 7 St Mary's Road,
Market Harborough,
Leicestershire, LE16 7DS.

BJD

Telephone: 01858 433071.
Facsimile: 01858 463269.

EXECUTIVE SEARCH & SELECTION

INVESTMENT EXECUTIVES with a keen eye for business.

£25-35K + FINANCIAL SECTOR BENEFITS. UK-WIDE OPPORTUNITIES.

3i is the leading specialist provider of investment capital to unquoted businesses in the UK, with £2.9 billion of assets invested in c.3,400 companies in Europe. Investing some £1 million each working day, 3i plays a vital role in encouraging business expansion and wealth creation through its network of 18 UK and 6 continental European offices.

We are looking for individuals with a rare blend of personal and professional qualities which will equip them to become first-class investors. A high level of judgement and analytical skill is essential, together with the ability to understand customer requirements and build strong relationships with a wide range of people. 3i is committed to providing you with a comprehensive training programme to enable you to maximise your potential.

Based in one of our regional offices, you will become a key member of the local business community. You will identify new business opportunities, structure investments to meet both customer and 3i needs, and work closely with your customers to promote their continuing growth and development.

A graduate aged 25-30, you will already have sufficient commercial experience to succeed in a competitive environment. An MBA or accountancy qualification would be an advantage.

Please telephone 3i Human Resources on 071-975 3168 for an information pack and an application form. Completed forms should be returned by 28th November 1994.

3i
INVESTORS IN INDUSTRY

DIVISIONAL FINANCE DIRECTORS

Evans Halshaw

Evans Halshaw Holdings Plc is an outstanding multi-site company, growing profitably through both improved trading and successful acquisitions. A market leader in the field of franchised motor dealerships and vehicle management services, the company now has over 90 dealerships representing 26 franchises, including such prestigious names as Ferrari, Mercedes-Benz, Rolls Royce, Porsche, Jaguar, Rover, Ford and Vauxhall.

The Divisional Finance Directors will report to the Group Finance Director and their initial priority will be to critically appraise existing financial controls in divisions comprising of 35-50 dealerships. In these strategically important positions, you will influence key management decisions and provide comprehensive financial support including financial analysis, business planning, budgeting and forecasting.

Candidates must be qualified Accountants, aged 35-45 and have strong communication skills. You should be prepared to lead by example and clearly demonstrate good management capabilities. A proven track record, preferably in retail multi-location divisional structures, though not necessarily in the motor trade, is prerequisite.

Please apply directly to Alison Hann at Robert Half, 63 Temple Row, Birmingham B2 5LS. Telephone 021-643 1663, or alternatively fax your details on 021-643 6170.

£40,000
+ Substantial bonus
+ Car + Benefits
+ PRP

Birmingham/
High Wycombe

ROBERT HALF
FINANCIAL RECRUITMENT

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Finance Director

A Rare Opportunity To Make The Headlines

To £50,000 + bonus + benefits East London

We are the UK subsidiary of a highly regarded international publishing company. We are an acknowledged regional player in the newspaper and magazine market and we have our parent's support to expand significantly, probably through the acquisition of further titles.

As Finance Director, you will be responsible for all our financial affairs but primarily for the provision of an up to the minute management information service. Our world changes rapidly and we need to be able to make immediate decisions and rapid turnarounds. Clearly, you will be a key player in the development of our business but we'll also be looking to you for more straightforward support – tight credit management and an input to the further refinement of our systems.

You are a highly commercial qualified accountant with an impressive track record to date: blue chip, broad based and steady career progression. You have worked closely with Board colleagues and you are used to high level presentations. You have a record of involvement beyond pure accounting and, as a result, an in depth understanding of management information. Finally you have well-developed systems skills and you are an experienced manager of staff.

Write with full career and salary details quoting reference D/1498 to: Mark Hartshorne, Executive Search & Selection, Price Waterhouse, No 1 London Bridge, London SE1 9QL.

Accountancy Personnel
EXECUTIVE RECRUITMENT

GENCHEM

Group Financial Controller

Ipswich, Suffolk

c£35,000 + Car + Full Benefits Package

The Genchem Group are a highly successful and dynamic organisation providing quality shipping services to the industries of the world. Compiled of eight specialist subsidiary companies, the group has a turnover of £6 million and has shown an outstanding record of growth over the past two years This success is set to continue through commitment to provide a quality service to clients whilst identifying new business opportunities for the future.

The Role

- Reporting to the Managing Director and responsible for the management, development and motivation of a small team of finance staff
- Working as an integral part of the management team, gaining active involvement in many of the commercial issues affecting the business.
- Provision of all financial and management reporting information for the board and subsidiary companies.
- Responsibility for all group administration and company secretarial matters.
- Devising a strategy for the development of computerised systems, implementation of internal controls and quality procedures.

The Appointee

- Proven man-management ability including recruitment, development and appraisal skills
- A high level of commercial awareness coupled with a sharp mind and ability to think on their feet
- A qualified accountant with technical ability in the areas highlighted.
- Strong communication skills at all levels, able to liaise successfully with demanding characters
- Pro-active and self-motivated approach keen to contribute to the success of this fast expanding business Salary will not be a limiting factor for the successful applicant.

This assignment is being handled exclusively by Accountancy Personnel. Interested applicants should forward their CV to Jane Garrard at Accountancy Personnel Executive Recruitment, 36 Museum Street, Ipswich, Suffolk, IP1 1JQ. Tel: 0473 215068. Fax: 0473 232738. Closing date for applications Monday 26th November.

Hays

Accountancy Personnel
EXECUTIVE RECRUITMENT

Commercial Finance Manager

East Anglia

Salary Package c£35,000 + Benefits

A leading financial services organisation, our client enjoys a highly respected reputation both within European markets and across the world. A key division within the group which focuses on commercial business with premium incomes of £370 million, now seeks to appoint a Commercial Finance Manager due to internal promotion.

The Role

Concentrating on reviews for pricing adequacy and commercial projects, together with financial evaluation of initiatives, the Commercial Finance Manager will aid financial control to the business.

In particular key responsibilities will include.

- Supporting the business team in the development of the rating/pricing methodology, strategy and team work.
- Supporting evaluations and reporting on the impact of new commercial lines and business initiatives.
- Assessing/reviewing pricing adequacy including schemes.
- Maintaining a pro-active approach to the development of new financial reporting initiatives.
- Managing a small finance team with emphasis on their development and training.

The Appointee

Our client seeks a dynamic individual who can effectively analyse business issues, input useful ideas to the business and play a key role in the formulation of new initiatives, liaising extensively with senior management.

- A team player able to work within the existing finance and business structures, whilst motivating staff and maintaining high levels of morale and commitment.
- Strong analytical skills to absorb information balanced with good judgement to provide suggested solutions to business challenges.
- Assertiveness and strong interpersonal skills to deal with staff, senior management and other business units.
- A record of achievement within a blue chip environment.
- A qualified Accountant aged 28-35 with a track record in dealing with business initiatives and challenges.

The company are committed to actively developing individuals careers and your commitment and energy will lead to significant promotional opportunities throughout the group.

This position is being handled exclusively by Accountancy Personnel. To progress your application further or to receive further details, please forward your CV in complete confidence to Lynn Hardy, Accountancy Personnel Executive Recruitment, Davey House, Castle Meadow, Norwich NR1 3BY. Telephone 01603 760141. Fax 01603 633980.

Hays

FINANCE DIRECTOR
– PROFESSIONAL PRACTICE

c£50,000 + Excellent Benefits & Relocation Assistance

WARSAW

Price Waterhouse has an enviable reputation in providing auditing and business advisory services, with an established presence in eight countries in Eastern Europe.

Price Waterhouse, Warsaw is one of the firm's key regional offices with in excess of 200 staff. There is now a need for a dynamic and commercially aware Polish speaking Finance Director to contribute to the continuing success of its Polish operation.

Reporting to both the local Finance Partner and the Eastern European services group based in London, you will take full responsibility for the control of the finance function, ensuring the timely production of management and statutory accounts for the Warsaw practice. As an essential member of the management team, you will also be expected to manage and develop the business ensuring a strong reliable structure is put in place for the future.

You will possess the following attributes:

- An accountancy qualification with at least 5 years' experience gained in a decision making environment
- The ability to manage change and lead effectively
- The drive and ambition to introduce new financial management disciplines in a multi-cultural business environment through a demanding phase of development
- Proficiency in Polish
- A proven track record in international financial management

Interested candidates should contact **Jacqueline Long** or **John Bowman**, advising consultants at **FSS Europe** on **(44) 71-209-1000, (evenings and weekends on (44) 71-371-5647)** for a confidential discussion, or write to them at **FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY.**

FSS EUROPE

Accountancy Personnel
EXECUTIVE RECRUITMENT

Finance Director

Yorkshire

c£40,000 + Car + Benefits

Managing change with a world class market leading company

This exciting and challenging position has arisen with an expanding £40 million turnover business. The company is the largest subsidiary within a progressive Plc group. It has an enviable reputation for manufacturing high value products to demanding specifications.

The Finance Director will perform a crucial role in both operational and strategic management. He/she will report to the Managing Director and will be expected to initiate change, improve systems and promote financial awareness across the business. This is a genuine opportunity to make a visible contribution to profit maximisation and take full responsibility for all finance and administration functions, including the provision of effective planning, management accounting and cost management.

An energetic and ambitious person is sought, both to meet the initial challenge and take advantage of future opportunities. Candidates should be qualified accountants aged 30-45 with extensive experience of cost management, including ABC techniques and systems implementation, gained in manufacturing businesses.

This assignment is being handled exclusively by Accountancy Personnel. To apply please contact James Whelan on 0532 468363 or write to him at Accountancy Personnel Executive Recruitment, 9 East Parade, Leeds LS1 2AL.

Hays

GROUP FINANCE DIRECTOR

c£60,000 + Car + Substantial Performance Related Benefits

CENTRAL LONDON

Our client is a highly successful international company and market leader in the provision of a unique range of technologically based products and services. They are in the process of implementing ambitious and far-reaching plans to re-structure their business on a global basis, providing the opportunity for substantial growth both organically and by acquisition.

The new appointment, reporting to the Chief Executive, has been created to provide the financial focus for these major changes, as well as inputting at Board level to a wide range of complex commercial and strategic issues.

You will be functionally responsible for all aspects of finance, accounting and reporting worldwide, while providing direction and guidance to an established local team of experienced finance professionals.

For this key strategic role, which will have a significant impact on the future direction and success of this international organisation, we are seeking an energetic qualified accountant, aged 35-45, with a proactive approach, strong analytical, commercial, and MIS skills, together with the ambition and determination to respond to rapidly changing business developments.

To be considered for this appointment, please send your full CV, including details of latest salary and benefits, together with reasons for applying, to **Neil Wax**, Consultant to the Company, at **FSS Executive, Charlotte House, 14 Windmill Street, London W1P 2DY** or alternatively fax on **071-209 0001.**

FSS EXECUTIVE

Coopers & Lybrand | Executive Resourcing

Financial Controller

GLOUCESTER £30,000 + BONUS + CAR

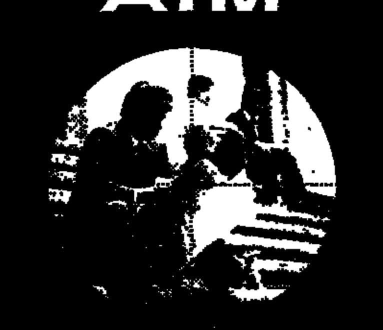
As a £5m turnover, privately owned, precision engineering manufacturer, this company enjoys the position of being a world leader in its field largely due to world class quality standards.

Reporting directly to the Director and General Manager, the position arises due to the retirement of the present post holder. Initial emphasis in the position will be on understanding the existing systems and management information procedures such that there is continuity during the handover period. Your role will concentrate on the support of the Director and General Manager in many aspects of the running of the company including personnel and company secretarial duties, and you must have a hands-on approach.

You will be a qualified, probably graduate, accountant with a background in a hands-on but progressive manufacturing environment. Your knowledge of the implementation and updating of computerised management information systems should be excellent and you should be used to taking part in the general management of a business.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference JE282 on both envelope and letter.

TAKE PRECISE AIM



RECRUIT THE BEST

BY PLACING YOUR RECRUITMENT ADVERTISEMENT IN THE FINANCIAL TIMES YOU ARE REACHING THE WORLD'S BUSINESS COMMUNITY.

For information on advertising in this section please call:

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Philip Wrigley on +44 71 873 4006

MAJOR GLOBAL BANK
SENIOR DERIVATIVES CONTROLLER

NEW YORK — EXCELLENT PACKAGE

As a leading international financial institution, our client has an established and significant presence in the world's derivatives markets and a commitment to the continued development of its global business.

Rapid growth in the swaps and options markets necessitates the further development of the Control area and hence the requirement for a Senior Derivatives Controller. A US work permit is not required.

The role will involve:

- working to strengthen Risk Management in a dynamic forward-moving environment
- all aspects of derivatives control, reporting and accounting
- extensive liaison with the traders and the support functions
- increasing the understanding of complex trade structures within the financial areas

The successful candidate will have indepth product experience, a hands-on approach and well-developed interpersonal skills.

Currently employed by a major derivatives player, you will be a highly motivated, qualified accountant with an excellent academic background.

Applicants should call **Sam Dewhurst** on **0171 379 3333** (fax: 0171 915 8714) or send a detailed CV to **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

هكذا من الأصل

Financial Controller

Coventry — to £33,000 + Car + Bens

Our client is a successful division of a major US multi-national, engaged in the manufacture and distribution of sophisticated analytical and diagnostic equipment. Operating in a highly competitive global market place, the company's reputation for product quality has achieved leadership of it's core markets. Having recently embarked on an ambitious growth programme, the company is now set to extend it's market advantage.

Following the merger of two key business divisions, an opportunity has arisen for an ambitious qualified accountant with stature and commercial acumen to form an integral part of the management team. Reporting to the Managing Director and assisted by a team of staff, responsibility will encompass all aspects of finance, including board reports for the US parent, UK statutory accounts, internal management reports, in addition to commercial management accounting, forex and systems development activities. The position has arisen at a time of considerable change within the company and accordingly, will have significant operational involvement, principally in the areas of cost management, gross margin control and with regard to other issues arising from the reorganisation.

Prospective candidates should be qualified accountants of graduate calibre and able to demonstrate a successful track record of profit improvement and cost management in a manufacturing or commercial business. In addition, candidates should possess the energy and commitment together with the confidence and presence to operate at Board level. Equally important are personal qualities, including strong man-management skills and the intellectual ability to add value and provide leadership in an environment of considerable change.

Interested candidates should apply in writing, quoting reference 210792, enclosing a full CV (including a daytime telephone number and details of present remuneration) to William Greenwell at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

SIB

Assessing the Regulators

Key Role in Monitoring and Assessing the Regulation of Investment Business by the Professions

Recognised professionals including accountants, solicitors, actuaries and insurance brokers are permitted to carry out investment business as an adjunct to their core business. In these activities they are regulated by their professional bodies. The Securities and Investments Board (SIB) is responsible for assessing the adequacy of this regulation.

The role involves a close working relationship with the relevant professional bodies in ensuring the effectiveness of their arrangements and procedures. This will include the ascertaining, testing and evaluation of current procedures, negotiation of improvements and presentation of these to the professional bodies.

Successful candidates must have some experience of the audit/inspection/consulting process, ideally combined with a knowledge of retail investment products. An awareness of the accounting, actuarial or insurance broking professions supported by familiarity with the Financial Services Act regulatory regime would be helpful. A mature personality and confident outlook are essential.

Interested applicants should initially contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH for an information pack quoting reference 210735. Telephone: 071 831 2000. Closing date 1st December 1994.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

Management Accounting Manager

Market leading FMCG business

West London — c £38,000 + Car

Our client is a progressive and dynamic international corporation with a first class portfolio of branded food products. Underlying this success is its reputation for high quality and excellence in all areas of the business, together with an aggressive sales and marketing strategy.

The position of Management Accounting Manager has arisen as the direct result of a corporate culture of change and growth and represents a rare opportunity for an exceptional and dynamic finance professional. Working for one of the core businesses and reporting to the UK Finance Director, responsibilities will include:

- Providing first class day-to-day commercial and financial control including the pro-active development and enhancement of existing financial reporting systems.
- Actively promoting an ongoing cultural shift to a profit accountable environment by the provision of appropriate information, analysis and advice to colleagues.
- Overseeing and developing an effective team of business accountants.
- Building and maintaining close working relationships with colleagues in both group and non-finance functions in order to identify and capitalise on commercial and financial opportunities.

The requirement is for an ambitious, determined and innovative individual, with excellent motivational skills and the ability to influence others with the provision of sound and practical commercial advice. Candidates should be graduate calibre, qualified accountants with a minimum of three years post qualified experience in a sales and marketing led FMCG environment. The successful individual will demonstrate excellent interpersonal skills, a common sense approach, the ability to manage people and a record of accelerated career development to date.

Interested applicants should write, quoting reference 211092 and enclosing a full curriculum vitae, salary details and daytime telephone number to Anne Wilkie ACA, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Financial Controller

Enhance your career and your quality of life

Cambridge c.£35,000 + benefits

Our client is the rapidly expanding UK arm of a highly profitable European private company. Continued success in its niche market in the construction sector has led to a decision to consolidate its UK presence through the establishment of a separate profit centre. To this end, an experienced accountant is sought to set up a financial framework which will support the business.

You will assume sole responsibility for introducing appropriate financial controls, accounting procedures and computer based systems, in order to provide timely and accurate financial and management information. The ability to forge strong links with non-financial colleagues and gain the confidence of senior management will be crucial. Whilst the short-term priorities will be 'hands-on' in nature, the role will become increasingly strategic once fundamental procedures are in place, thus allowing a genuine contribution to the profitable growth of the business.

Probably in your early 30's, you must be a qualified accountant with proven ability to set up an effective accounting function from scratch with minimal support. Technical competence and computer literacy are prerequisite skills and candidates without several years' experience in the construction sector are unlikely to have the necessary grasp of the critical success factors in this business. In addition, you must be versatile, energetic, self-motivated and results driven. The working environment is open and relaxed, but demanding and highly professional, with a strong emphasis on quality.

Interested candidates should write, enclosing full CV and salary details, to Tim Knight, quoting reference TCK1711.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

Group Financial Director

West Midlands — c £50,000 + Car + Benefits

Our client is a highly successful plc, engaged in the manufacture of quality heating products for the leisure and domestic markets. Operating in a highly competitive marketplace, the company has consistently demonstrated impressive growth and profitability over the years. This can be attributed to positive and forward thinking management and a well-conceived business strategy of organic and acquisition-led growth.

The Company now wishes to appoint a positive and ambitious qualified accountant with strong technical, commercial and communication skills and the stature to become an integral part of the management team. The position will report to the Group Chief Executive and the key focus will be the development and implementation of group strategy. As a 'plc' Directorship, the position will have the full functional responsibility for Group and divisional finance departments and will include all financial, administrative and treasury functions, in addition to compliance, tax planning and company secretarial duties. Other key areas of involvement will be mergers and aquisitions and the management of the group's IT strategy. The position will also have a very significant commercial responsibility to fulfil, in providing advice and participating in decisions on key strategic issues, both at Head Office and in reviewing and overseeing the Group's subsidiaries. The successful candidate will accordingly be expected to act as a catalyst in driving and directing the business towards goals of enhanced profitability.

Prospective candidates must be qualified accountants, probably Chartered and able to demonstrate at least 5 years achievement at senior level in a manufacturing environment. Applicants should also demonstrate strong organisation and leadership skills and the intellectual ability to grasp and analyse technical issues and contribute to business decision making.

Interested candidates should apply in writing, quoting reference 209904 enclosing a full CV (including a daytime telephone number and details of present remuneration) to William Greenwell at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham, B4 6QD.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

HEAD OF FINANCIAL AND INFORMATION SERVICES

circa £40,000

GROUP FINANCIAL ACCOUNTANT GROUP MANAGEMENT ACCOUNTANT

circa £29,000

Applications from suitably qualified and experienced candidates are invited for these three new posts in the Finance and Support Services Directorate.

City and Guilds is recognised as the leading provider of vocational qualifications and it is poised to expand further. With over a century of business expertise it has substantial operations in the UK and overseas.

Following an extensive corporate review a new organisational structure is now being implemented. Both the Finance and IS functions will play a crucial role in the achievement of the Institute's on-going objectives.

For the senior post, a professionally qualified accountant is required with at least fifteen years relevant post qualification experience. The successful applicant will possess the ability and experience to oversee and direct all aspects of financial and managerial accounting and treasury functions along with the information technology and business systems functions. Additionally, an ability to think conceptually, to set out and communicate action plans and to sustain high levels of commitment and drive will be a requirement.

For each of the two subordinate posts a professionally qualified accountant is required with at least ten years relevant post qualification experience. The post-holders will have joint responsibility for managing the Group's day-to-day accounting functions.

Further details and an application form may be obtained from the Personnel Department, 071-278 2468 extension 2176. Completed applications to be received by not later than 30 November 1994. **City and Guilds of London Institute, 76 Portland Place, W1N 4AA.**

CIG City and Guilds

CLIFFORD CHANCE

DIRECTOR – FINANCE AND ADMINISTRATION

MOSCOW

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The Director reports to the Chief Executive, provides reports for the Board of the Corporation, the Finance Committee and the Audit Committee and regularly attends the meetings of these three committees. Following a recent reorganisation, the Director is now responsible for the College's MIS which adds a significant dimension to the breadth of responsibilities of the post. The Corporation is seeking to appoint someone who can build upon and develop the excellent financial base which has been established since the College left the control of the County Council in April 1993.

Applicants must have a recognised accountancy qualification. (eg ACA, ACCA, CIMA etc) together with a range of experience some of which must have been gained in the private sector preferably within large organisations. The ability to manage the development and implementation of new computer based systems is an important feature of the post. The College is pursuing delegated budgetary control which requires non-financial managers to manage their budgets and the Director is required to provide leadership and support for this culture change. The Director must have a good knowledge of tax matters including VAT and covenant payments. The Director has a team of 27 staff, 4 of whom are direct reports including a personal secretary.

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The closing date for expressions of interest is Friday 25 November 1994.

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FINANCIAL TIMES
COMPANIES & MARKETS
Friday November 18 1994

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IN BRIEF

VW makes strong third-quarter gain

Volkswagen climbed further back into profits in the third quarter, with the benefits of rising demand and its tough action to cut labour and components costs almost wiping out the loss made at the start of the year. Page 18

Procter gambles with nappy changes

While pulp prices are rocketing worldwide, Procter & Gamble, the US consumer products group, said it was cutting the US price of its Luvs disposable nappies by 11 per cent. Procter & Gamble, which makes 15 per cent of its global revenues from disposable nappies, said it was cutting the price of Luvs to claw back market share from cheaper, store-branded and private label nappies. Page 20

BA and Qantas back to the drawing board

British Airways and Australia's Qantas, in which BA holds a 25 per cent stake, are expected to re-examine ways of combining resources on their Australia-Europe services, after Australia's Trade Practices Commission blocked a proposal which would have seen the two carriers jointly set air fares and freight rates on these routes. Page 19

Hint of an upturn in Japan

Japan's leading construction contractors reported a sharp fall in profits for the six months to the end of September, but said that order books were starting to grow again for the first time in four years.

NAB surges 46%

National Australia Bank, the strongest of the country's four big banks, yesterday announced a A$1.71bn (US$1.29bn) profit after tax, abnormals and outside equity interests, for the year to end-September. Page 19

Record period at Wal-Mart

Store openings and a large increase in revenues helped Wal-Mart Stores, the US discount store group, increase net income by 13 per cent in its third quarter to October. Page 20

Ericsson jumps 88%

Pre-tax profits at Ericsson, the Swedish telecommunications group, jumped 88 per cent in the first nine months to SKr3.49bn ($475m) from SKr1.86bn on the back of surging sales of mobile telephone equipment. Page 20

BFI increases bid for Attwoods

Attwoods described the increased bid of £391m from Browning-Ferris Industries of the US as meagre and cynical, and urged shareholders to reject the offer in favour of the proposed break-up plan. Page 22

Barclays makes preference buy back

Barclays Bank is to reduce excess capital by buying back $500m of non-cumulative preference shares. Page 22

Whitbread rises to £183.6m

Whitbread opened the UK brewers' reporting season with a sharper profit rise than forecast, thanks to strong gains in premium lagers. Page 23

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bil & Berg	840	+	9.5
Lahmeyer	650	+	10
Falls			
Hochtief	886	–	26
KHD	118.5	–	6.3
[illegible]	151	–	8.5
Veg	464.5	–	9

NEW YORK ($)

Rises			
Campbll Soup	44⅝	+	⅛
HP	100⅝	+	1⅝
Hilton Htls	88⅝	+	9
Mobil	84⅝	+	½
Falls			
Adobe Sys	34⅝	–	1½
Intl Paper	69¾	–	1¼

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Pinault	998	+	16
SLIC	750	+	25
Falls			
Air Liquide	710	–	26
Banc Comp	559	–	18
Cred Fonc	794	–	21
Imetal	551	–	35

TOKYO (Yen)

Rises			
Banyu Phrm	877	+	26
Nip Paint	690	+	25
Okuma Corp	927	+	39
Falls			
Calpis Food	845	–	21
Fuda Cons	515	–	15
[illegible]	627	–	28

LONDON (Pence)

Rises			
ACT	104	+	5½
Andrews Sykes	91	+	11
Azlan	143	+	9
Barcom	41	+	4
Burndene Inv	41	+	3
FKI	168	+	6
Gresham Tele	49	+	12
Heath (CE)	248	+	8
Kwik-Fit	157	+	5
Meggitt	81	+	4
Panther Sec	85	+	4
Portsmouth Sund	650	+	44
Smith New Court	376	+	14
Willis Corroon	149	+	8
Falls			
Barratt Dev	173	–	8
Caradon	284	–	8
Courtaulds	450	–	14
Graham Group	175	–	8
Hardy Oil & Gas	141	–	9
Kode Int	64	–	5
Meyer Int	359	–	44
Ralos	47	–	4
Towry Law	83	–	3
Travis Perkins	286	–	12

AT&T seeks Groupe Bull stake

By John Ridding in Paris and Tony Jackson in New York

AT&T, the US telecoms company, is seeking to participate in the privatisation of Groupe Bull, the loss-making French computer group.

The US group is proposing to ally with Quadral, the holding company which controls CSEE, the French electronics equipment concern, to take a joint stake of up to 40 per cent in Bull, according to sources in Paris. Quadral is expected to be the majority partner in a joint offer.

Unlike previous French privatisations, the sale of Bull will be conducted through the formation of industry partnerships rather than a public offer. The French government, which is seeking to reduce its holding in Bull from 76 per cent to below 50 per cent before next spring's presidential elections, is due to launch a formal tender for stakes in Bull by the end of the month.

The planned privatisation has already drawn interest from NEC, the Japanese computer company which holds 4.4 per cent. NEC said last week it was planning to increase its participation and is thought to be seeking a 10 per cent holding.

Industry observers said that the proposal from AT&T and Quadral would be compatible with the offer from NEC. The US group and its French partner would seek to expand Bull's activities in systems integration and information services and to capitalise on the convergence between the telecoms and computing industries.

It is thought that AT&T, which refused to comment directly on the deal, will not want to involve itself directly in Bull's computer operations. It said: "We are very pleased with the capabilities of our own computer unit and its success in markets around the world. AT&T is very much interested in advancing the openness of telecommunications markets in general, and in particular in countries such as France where markets are closed."

French government officials declined to comment on the proposals for Bull's privatisation, but they are in pressing need for industrial partners to secure the company's position. Bull has incurred combined losses of more than FFr15bn ($2.92bn) over the past three years and has required subsidies of FFr11bn since the beginning of 1993.

Losses have been sharply reduced since the implementation of a recovery plan by Mr Jean-Marie Descarpentries, who took over as chairman last autumn. The European Commission, however, has demanded that the company be privatised as a condition for approving the last tranche of state aid.

Despite the potential attractions of the offer from AT&T and Quadral, there are possible hitches. In particular, Mr Descarpentries is thought to favour a dispersed shareholding structure including an increased stake for NEC.

Alice Rawsthorn reports on the death of the Japanese romance with Hollywood

Tarnish sets in on Sony's dream of the silver screen

When the news broke five years ago that Sony, the powerful Japanese electronics group, had pounced on Columbia and Tristar, the famous Hollywood studios, the reaction of the US media was nothing short of hysterical.

Sony's $3.4bn acquisition, followed by the news that Matsushita, another force in Japanese electronics, was buying MCA for $6.1bn, unleashed a stream of rhetoric about the Asian invasion into America's cultural heartland – Hollywood.

This mood soon changed as it became apparent that Sony and MCA's sober-suited executives were finding it difficult to manage their egocentric new subsidiaries. Sony yesterday demonstrated how difficult its Hollywood adventure had been by announcing a first-half Y280bn ($2.9bn) loss due to a Y265bn write-off on Sony Pictures Entertainment (SPE), which includes Columbia and Tristar.

The scale of the write-off outstripped the most pessimistic predictions. Against the backdrop of last month's public showdown between Matsushita and its unruly executives at MCA, it has strengthened suspicions that Sony and Matsushita blundered badly by making expensive acquisitions in the US entertainment industry.

Ms Rebecca Winnington-Ingram, analyst at Morgan Stanley in London, said: "If there is a moral to this story it's that Japanese electronics groups do not make good parents for Hollywood movie studios."

Things seemed so different five years ago when Sony and Matsushita embarked on their US spending spree. The consumer electronics market was maturing and the Japanese groups faced fierce competition from rivals in lower cost countries such as South Korea, Malaysia and the Philippines.

Sony and Matsushita desperately needed to diversify. Both took the view that the most appropriate area for investment was the software side of their business: the film studios and record companies that produced the movies and music pumped out by their hardware.

Entertainment also offered excellent growth prospects. The emergence of new forms of distribution in cable and video, coupled with the globalisation of consumer taste and the creation of lucrative markets in eastern Europe and south-east Asia, augured well for long-term sales of English language films and music.

The gulf between corporate Japan and Hollywood was wider than feared

The hitch was that the gulf between the ethos of corporate Japan and the world of Hollywood was wider than they had feared. One New York analyst said: "These LA guys seem like a flakey bunch of prima donnas here in Manhattan. Over in Tokyo they must seem completely crazy."

"Crazy" is probably an understatement for Matsushita's view of the behaviour of Mr Lew Wasserman, veteran chairman of MCA, and Mr Sidney Sheinberg, his president. The two men became multi-millionaires by selling their shares to Matsushita and have since made no secret of their contempt for their new parent company.

Tempers seemed to cool after last month's showdown. However, the intensely private Matsushita has been left in an unpalatable situation whereby one of its most important subsidiaries is run by two men who have publicly criticised its performance.

Sony is in a similar predicament in the music industry thanks to Mr George Michael, the British singer who has mounted an expensive legal battle to sever his contract with its CBS music subsidiary. Mr Michael is now reported to be in talks with Mr David Geffen, who is leaving MCA to set up his own entertainment group.

However, Sony's problems in music pale beside its traumas with films. It has over the past five years invested an estimated $4.5bn in SPE on top of the $3.4bn acquisition price. Mr Peter Guber, who spent most of that money, resigned last month as SPE chairman. His departure ended a grim year of internal rows, allegations linking senior SPE executives to the Heidi Fleiss sex scandal and a poor performance at the box office.

SPE had an erratic year in 1993 with some successes, such as *Philadelphia*, but a disappointment in *Last Action Hero*, its $126m Arnold Schwarzenegger vehicle. This year has been worse. Variety magazine estimates that SPE's share of the US box office has fallen from 14.7 per cent in 1990 to 9.8 per cent this year. Sony's studios are also bottom of this year's league table for average gross per film with $18.1m against $55.3m for Paramount, the top studio.

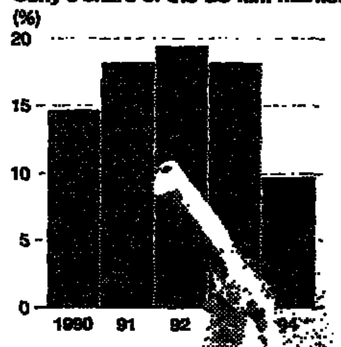
Yesterday's writedown marks Sony's attempt to clear the debris of its first five troubled years in Hollywood. Its studio also faced substantial second-quarter losses for mopping up abortive development projects and lingering legal suits. After Mr Guber's departure it now, in theory, has a chance to start afresh.

But some observers suspect Sony and Matsushita's plight is not due to cultural incompatibility, but to a flaw in their strategy. This suggests they should have stuck to hardware.

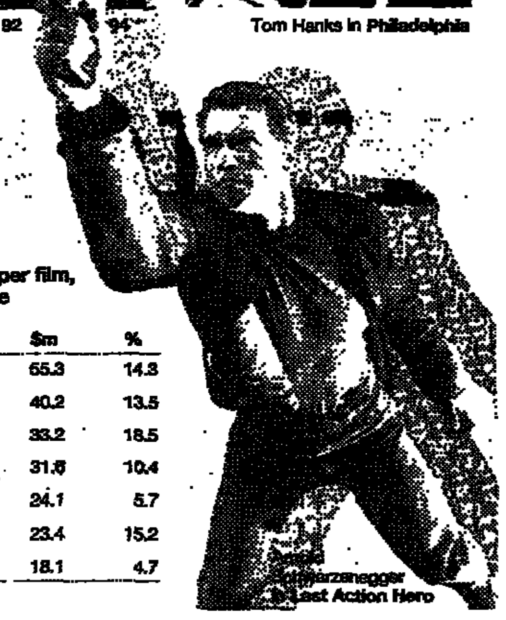
Sony and Matsushita have already made modest investments in information technology. But both privately admit they could have invested more aggressively had it not been for their commitment to Hollywood.

Brawn beaten

Sony's share of the US film market since the Columbia acquisition (%)



Tom Hanks in Philadelphia



Schwarzenegger in Last Action Hero

Gross revenues per film, and market share
Jan-Oct 1994

	$m	%
Paramount	55.3	14.3
Universal	40.2	13.5
Buena Vista	33.2	18.5
Fox	31.6	10.4
New Line	24.1	5.7
Warner Bros	23.4	15.2
Columbia	18.1	4.7

Source: Variety

Hilton calls in advisers for sell-off

By Richard Tomkins in New York

Shares in Hilton Hotels, the US hotel and casino group, surged almost 17 per cent during early trading after the company yesterday effectively put itself on the market for the second time in five years.

The company has engaged Smith Barney, the Wall Street investment bank, to advise on a number of strategic alternatives including a possible sale of the company, outright or in parts; a spin-off of one or more of its businesses; a recapitalisation; a merger; a share repurchase programme; or a similar transaction. The purpose of the move was to enhance shareholder value, but the company would not elaborate.

Hilton Hotels owns, manages and franchises the Hilton chain of hotels in the US, operates several more hotels under the Conrad name internationally, and has extensive gaming operations, mostly in Las Vegas. Its market capitalisation, following yesterday's early jump, is $3.2bn.

The company once operated Hilton hotels in big cities all over the world, but it sold the Hilton International business in 1966. That company is now owned by Ladbroke, the UK leisure group, and Hilton is no longer allowed to put its name on hotels outside the US.

Some 24.5 per cent of Hilton Hotels' stock is held by Mr Barron Hilton, the company's chairman and chief executive. A Hilton family charitable foundation, the Conrad N. Hilton Fund, controls another 8.6 per cent.

When Conrad Hilton, the company's founder, died in 1979, his son Barron fought a 10-year legal battle to stop "outsiders" gaining control of what was then a family company. In 1989, less than a month after winning a partial victory by securing 24.5 per cent of the company's equity, Mr Barron Hilton put his stake up for sale.

Asked why he had changed his mind, he said at the time that he was acting as his father would have done if he had seen the huge prices being paid for prime hotels. But a year later, Mr Hilton was forced to take the company off the auction block again because there were no serious bidders. After years of weakness in the US hotel industry caused by the lingering effects of recession, Hilton's hotel operations have recently been performing well.

National Power plans £500m buy-back at government offer

By Simon Davies in London

National Power, the UK electricity generating company, is set to soak up more than £500m ($820m) of the government's forthcoming £2.5bn offer of the power company's shares through a buy-back plan announced yesterday.

The purchase of up to 102.5m National Power shares is aimed at using its enormous cash resources to boost earnings per share. It should also improve demand for the government offer. PowerGen, its listed competitor, said it was considering a similar move, after recent buy-backs on the stock market.

The UK government is due to sell off its remaining 40 per cent stakes in both PowerGen and National Power in February. The National Power share buy-back would represent around 21 per cent of the government offer, and up to 8 per cent of its issued shares.

The buy-back will come from the 295m shares that the Treasury had ear-marked for international institutions, but the international tranche should still amount to close to £1bn.

National Power said the deal would result in an increase of between 3 and 4 per cent in its earnings per share, and that its dividend would be increased by a similar proportion. It plans to reduce its dividend cover, to allow further increases.

The company also announced a new £500m revolving credit facility, and unveiled significant board changes, including the appointment of Mr Keith Henry as chief executive.

Its share price rose 7p to 511p yesterday, helped by the announcement of a 14 per cent increase in pre-tax profits before exceptional items to £241m, and a 16 per cent increase in dividends.

PowerGen, which bought back 0.6 per cent of its shares earlier this year, said: "We have had discussions with the Treasury. We are considering the possibility of further share buy-backs, but we are keeping all our options open."

Some institutions complained the share buy-back will be handled via the government offer, rather than through the stock market.

National Power will pay the same price as international institutions, with a discount for paying up immediately, rather than in three instalments.

Lex, Page 16; Details, Page 23; People, Page 11

Hewlett shares at 10-year high

By Louise Kehoe in San Francisco

Hewlett-Packard's share price reached a 10-year high yesterday when the computer and electronics company reported stronger than expected fourth-quarter results. Earnings rose 60 per cent on a 23 per cent revenue increase.

H-P, the largest US computer company after IBM, is setting the pace in the market for "client-server" networks of computers and dominates the growing market for printers used with personal computers.

Fourth-quarter sales and order growth was "outstanding and well balanced across all geographies", said Mr Lew Platt, H-P chairman, president and chief executive.

"Earnings grew substantially with all major businesses contributing."

By the mid-session yesterday H-P shares were trading at $101⅞, up from Wednesday's close of $98⅞. Net earnings for the fourth quarter, ended Oct 31, were $476m, or $1.83 a share, up from $298m or $1.18 a share in the same period last year. (Earlier this year H-P changed its earnings per share calculations to include employee stock options increasing the effective number of shares outstanding by about 6m to 260m.)

Net revenue for the quarter was $7.0bn, an increase of 23 per cent. US sales were $3.3bn, up 20 per cent, while international sales rose 26 per cent to $3.7bn.

H-P said that new orders during the fourth quarter were valued at $6.9bn, an increase of 25 per cent over the same period last year. The order growth rate signals continuing strong performance in fiscal 1995.

As a percentage of net revenue, cost of goods sold rose to 62.2 per cent from 61.4 per cent in last year's fourth quarter.

For the full year, H-P reported a 36 per cent increase in net earnings to $1.6bn from $1.2bn. Net earnings per share were $6.14, up from $4.65.

Mr Platt said that H-P is starting 1995 in a strong competitive position. "We just finished an excellent year," he said.

"But given our size, and the fact that our growth rates have exceeded those of many markets in which we compete, we're not assuming that our recent order-growth rates will continue."

This announcement appears as a matter of record only.

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November 1994

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VW on course for full-year profit after strong quarter

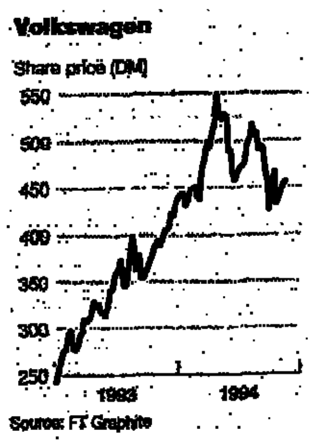
By Andrew Fisher in Frankfurt

Volkswagen climbed further back into profits in the third quarter, with the benefits of rising demand and its tough action to cut labour and components costs almost wiping out the loss made at the start of the year.

The German motor group said the after-tax loss for the first nine months was down to DM73m ($47.1m) from DM1.53bn in the same period of 1993. Its third-quarter net profit of DM136m compared with DM133m in the second quarter, and a loss of DM342m in the first three months. In the third quarter of 1993, it made a net profit of DM70m.

For the full year, VW said it expected to "at least break even". In 1993, it made a group loss of DM1.9bn. "The underlying trend is basically very positive," said Mr Stephen Reitman, motors analyst at UBS.

He forecast fourth-quarter profits of more than DM400m, making full-year earnings of around DM340m.



Source: FT Graphite

Under the uncompromising leadership of Mr Ferdinand Piëch, VW – whose group operations include Audi, Seat in Spain and Skoda in Czechoslovakia – has striven to bring down the cost of labour and of bought-in parts and materials.

Despite the improved figures, however, the shares closed DM4.50 lower at DM455 yesterday.

VW said turnover in January-September was 4.3 per cent higher at DM58.8bn. Unit sales rose 6.7 per cent to 2.3m vehicles; in Germany, they slipped by 3.4 per cent to 662,500 units, but abroad they showed an 11.4 per cent increase to 1.64m.

In western Europe, excluding Germany, deliveries were up 6 per cent to 857,000 vehicles, with a 22.5 per cent improvement, to 226,000, in North America.

Because of model changes in Germany, third-quarter turnover was flat.

Mr Reitman said the July-September result showed clearly the impact of the drive to cut component costs – spearheaded by the controversial Mr José Ignacio López de Arriortúa – and of the reduced working week.

Mannesmann bounces back to the black

By Michael Lindemann in Bonn

Mannesmann, the engineering group which is beginning to benefit from earnings in its telecommunications activities, staged a turnround to a profit in the first nine months of this year, following a DM27m loss in the first half.

The group's profits, which were not specified, "improved substantially", while turnover rose to DM21.1bn in the first nine months, up 9 per cent on the year before. New orders jumped 18 per cent to DM24.7bn.

The group's telecommunications division, built around the successful D2 mobile phone network which now has about 760,000 clients, is expected to report its first full-year profit. It broke even last December.

The improved results at the Düsseldorf based group were driven mainly by "dynamic" exports but it also saw improvements in the domestic market. The strongest performers were the automotive technology and hydraulics divisions.

Krauss-Maffei, one of the world's leading tank makers, reported "exceptionally high" orders following contracts from Sweden and the Netherlands.

The group was also helped by a turnround at its pipe unit, one of its oldest activities. It represents almost 20 per cent of group turnover and has lost money in recent years. Sales rose 18 per cent, lifted by better turnover at the group's Brazilian unit, while orders rose 2 per cent to DM3.2bn.

Demag, the plant division, increased orders "significantly" following a rise in exports and the incorporation of Van Dorn Demag, a further step in Mannesmann's strategy of strengthening its presence in the US market.

VDO, the automotive technology business, saw orders rise 19 per cent in spite of "sluggish" growth in the car industry. Sales rose 9 per cent. But problems remain at Hartmann & Braun, the group's electronics division, which made a loss.

Steady headway for Swedish banks

By Christopher Brown-Humes in Stockholm

The pattern of lower loan losses and weaker underlying results which has characterised the Swedish banking sector this year was highlighted yesterday when Nordbanken and Swedbank unveiled their nine-month figures.

Nordbanken, the biggest casualty of Sweden's 1992 banking crisis, disclosed a SKr3.54bn ($481.6m) operating profit for the period, after being lifted by last December's acquisition of Gota Bank.

Pro-forma figures, excluding Gota, show profits rising to SKr2.77bn from SKr2.48bn.

Swedbank achieved a SKr2.61bn profit, following an unexpectedly strong third quarter which prompted it to raise its full-year forecast and promise a dividend. Its result at the nine-month stage in 1993 was a SKr2.65bn deficit.

Both banks saw a sharp reduction in loan losses due to the recovery in the Swedish economy and lower interest rates. Excluding Gota, Nordbanken's loan losses fell to SKr1.35bn from SKr3.41bn.

Swedbank's loan losses tumbled 62 per cent to SKr3.35bn from SKr8.86bn. It also benefited from a SKr1.58bn capital gain on the sale of shares in Robur, a fund management unit.

Before loan losses, pro-forma figures from Nordbanken showed a SKr4.12bn profit, down from SKr5.89bn, while Swedbank's result, including the capital gain, was SKr5.96bn, against SKr6.21bn. Weaker loan demand and tighter margins lowered both banks' net interest income. They also had lower capital gains on bond sales than in 1993.

Nordbanken, bailed out by the state in 1992 and due to be privatised next year, forecast full-year profits of SKr4.6bn, saying final-quarter operating profits should be at least as much as the SKr1.09bn achieved in the third quarter.

Privatisation will enable the government to recoup some of the SKr80bn worth of support which underpinned Nordbanken and Gota Bank at the height of the country's financial sector crisis.

The gradual reduction in the bank's loan losses and problem loans is expected to continue, providing there is no sudden upswing in interest rates. At the end of September, net problem loans amounted to SKr6.1bn, against SKr7.8bn at the start of the year.

Why Budge is ready to dig deep

Michael Smith examines RJB Mining's bid and profits projections for British Coal

So now we know why RJB Mining was able to offer what seemed so much for the English mining regions of British Coal.

If the company's projections are correct and it can make £220m ($361m) in pre-tax profits in 1999, as it says it can in papers being shown to institutions, then its proposed £914m acquisition may end up looking rather cheap.

But it is a large if. According to coal and electricity industry executives and analysts, serious questions also hang over other assumptions which the company is using to gather support for one of the most audacious bids seen on the London stock exchange for some years.

Much is riding on the outcome of the £1.1bn fund-raising exercise which RJB and Barclays de Zoete Wedd have embarked upon.

If it fails, ministers will be forced to look for another buyer among the bidders it passed over when choosing RJB.

The government's already flagging privatisation programme would also suffer a blow, and the credibility of both BZW and N. M. Rothschild, the merchant bank which advised the government on the bids and their feasibility, would be damaged.

RJB, founded by chief executive Mr Richard Budge, floated on the stock exchange last year in preparation for the bid. It appears to be confident of raising the £425m in equity and £628m in debt needed to finance the bid and provide working capital. BZW is said to have conducted more "due diligence" on the bid than any other in recent years.

There are still many institutional investors interested in providing funds. "People want to invest in coal," said Mr Charles Kernot, analyst at Credit Lyonnais Laing.

Nonetheless few institutions, if any, have made commitments.

"I am impressed by the company's management but the complexity of the bid means I need more guidance on the numbers," said one potential institutional investor.

There will be no shortage of that in the next few weeks. At least some of the advice on offer is likely to be either non-committal or even negative. "He may be able to make £220m in 1998 but it looks tight," says Mr Kernot.

One of RJB's rival bidders said that if the company was able to make as much as it projects then it will be the most profitable coal company in the world, "certainly more profitable than Hanson's Peabody or RTZ". This, he says, is highly optimistic in a country where costs have traditionally been, and remain, are high, by world standards.

From the point of view of potential lenders for the £628m of debt RJB wants to raise, the crucial period will be the years before 1998.

RJB predicts that by that time it will have paid off all the bank debt which amounts to £528m (the other £100m will be financed through a longer term corporate bond).

This provokes differing opinions among rival bidders and analysts who have computer models to run the RJB figures through. One says debts will still be high in 1998; another believes borrowings can be cleared, saying "key assumptions" in the RJB presentations on both price and volumes prior to 1998 seem "eminently feasible" and that sale of stocks, valued at £314m, can clear some of the debt.

The key assumptions are, after all, largely predictable. RJB will inherit contracts to sell 29m tonnes of year to 1998 to the electricity generators at prices already agreed. It assumes that it can sell around 35m a year tonnes of coal in the next three years but that includes the domestic and industrial markets and so seems plausible.

Most coal industry executives believe that the debt will be successfully raised in the next few weeks (although there is less of a consensus about whether it can be paid off by 1998). Placing the shares to raise £425m may prove a more critical test as potential investors will focus on the less predictable years after 1998.

In presentations to potential equity investors, RJB is saying that the initial dividend yield is expected to be about 4.5 per cent but that there will be a "policy of rapid dividend growth with substantial increases expected after the reduction of debt".

RJB assumes demand for the coal produced and sold from the regions it is buying will remain constant at about 34-35m a year for the rest of the decade.

However the post-1998 difficulties were highlighted yesterday when Mr John Baker, chief executive of National Power, the UK coal industry's biggest buyer, said his company would like to buy UK coal but expected that after 1998 volumes would fall and prices become more competitive.

According to most forecasts outside the RJB camp, markets will decline markedly after 1998.

Some executives think RJB will struggle to sell 25m tonnes a year from the coal regions after 1998.

Intense competition with other producers seems inevitable. That makes the £1.32 a gigajoule (at today's prices) assumed for 1998 and 1999 look optimistic. A more appropriate figure would be £1.15 or less, say some forecasts.

Tables, Page 23

Bosch-Siemens buys Gaggenau of Germany

By Andrew Baxter

Bosch-Siemens Hausgeräte, Europe's second biggest producer of white goods, is strengthening its position in upmarket domestic appliances with the purchase of Gaggenau, the long-established German manufacturer.

Terms were not disclosed, but Gaggenau has about 900 employees and annual sales of DM215m ($138.6m).

A restructuring programme already under way at Gaggenau will continue, said Bosch-Siemens, which will maintain the Gaggenau brand.

The deal continues the trend of consolidation in the European domestic appliances sector. It comes a few days after Munich-based Bosch-Siemens said it would link with China's Wuxi Little Swan to build a washing machine factory in China. The $30m venture, in which Bosch will have a majority stake, will produce European-designed washing machines for the Chinese market.

Cutbacks at Willis Corroon after fall

By Ralph Atkins
Insurance Correspondent

Willis Corroon, the UK insurance broker, yesterday launched a sweeping restructuring of its main businesses, involving substantial job cuts, in an attempt to correct an "unsatisfactory" profits performance.

The group said it was making an exceptional charge of £40m ($65.6m) this year to cover reorganisation and streamlining costs, about half of which may be for redundancy expenses. The cost of surplus properties leased by the group is also being written off. Willis's target is to reduce costs by at least £30m a year – about 5 per cent of operating expenses – but it refused to say how many jobs might be lost. It employs about 11,300 people worldwide.

The announcement came as the group reported a fall in pre-tax profits in the first nine months of 1994 to £54.4m from £70.1m. It blamed poor trading conditions but also said expenses in continuing operations had risen by 6 per cent, partly because of the cost of reforming its US construction operation.

Operating revenues fell to £549.3m in the first nine months from £576.3m. The group will pay a fourth interim dividend of 1.65p in January.

Willis's shares closed up 8p at 146p with analysts welcoming the strategic changes.

But there was scepticism that target cost savings could be achieved quickly. Profit forecasts for the full year have been cut to about £15m.

Willis's restructuring also reflects mounting competitive pressures in insurance broking as premium rates stabilise or fall and big client companies move towards managing risks internally or buying fee-based consultancy rather than commission-based broking services.

Mr Max Taylor, chief operating officer, said, "there are attractive returns to be made in the insurance broking business".

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Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US$200,000,000
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JPMorgan

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U.S. $211,139,000
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By: The Chase Manhattan Bank, N.A.
London, Agent Bank
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INTERNATIONAL COMPANIES AND FINANCE

Japanese trading houses forecast profits growth

By William Dawkins in Tokyo

Interim results to September 1994 (Ybn)	Sales	Recurring profit*	Net profit
Marubeni			
1994	6,806.5	15.587	5.308
1993	6,740.5	20.625	7.032
Forecast, year	15,000.0	38.000	13.000
Mitsui			
1994	7,495.3	21.691	8.778
1993	7,657.0	23.535	8.377
Forecast, year	15,000.0	48.500	21.500
Mitsubishi			
1994	6,635.8	27.833	8.337
1993	6,918.4	27.626	8.035
Forecast, year	13,000.0	56.000	15.000
Itochu			
1994	7,729.5	18.629	4.524
1993	7,679.4	18.507	3.721
Forecast, year	15,500.0	36.000	9.000
Sumitomo			
1994	7,218.7	17.010	7.444
1993	7,553.1	18.013	9.111
Forecast, year	15,000.0	36.000	15.000

* Before extraordinary items and tax. Source: company reports

Trading Companies

Japan's five biggest trading companies, which provide a diversified measure of the health of the economy at large, yesterday forecast their first profits rises in four years.

Trading house earnings, sensitive to domestic and foreign demand for goods and services and to changes in world commodity prices, were down or flat in the first half of the year, according to financial results released yesterday.

However, the traders, at the heart of Japan's vast *keiretsu* corporate families, forecast that recurring profits – before tax and extraordinary items – in the full year to next March would, on average, rise 3.5 per cent. They will be helped by the slow recovery of the Japanese economy and a reduction in the debts built up to finance takeovers and diversifications in the 1980s. Yet the revival will be constrained by the strength of the yen, the main reason why full-year sales are expected to fall by an average of 3 per cent.

All of the top five expect a rise in full-year recurring profits, except for Marubeni, which nevertheless expects a rise at the net level.

This implies that the second half will show a significant improvement on the first half, when three out of the five reported a fall in recurring profits by comparison with the first six months of last year. Mitsubishi, the strongest of the group, and Itochu, reported only marginal profits increases.

First-half sales declined by an average of 2.5 per cent across the sector, except at Marubeni. It managed a 1 per cent sales increase, helped by exports of industrial plant – worth around 30 per cent of gross profits – to other Asian countries.

Sumitomo also stood out from the pack for its 16 per cent rise in operating profit in the first half, forecast to rise to 42 per cent for the year. It has a higher exposure to metal trading than the others and so has benefited from the strong rise in copper prices during the period, although sharp cuts in head office costs also helped.

Sumitomo and and Marubeni have their respective specialities, machinery and metals, to thank for the fact that they were the only traders to manage a rise in export sales in the first six months. The rest saw the yen value of the their foreign sales eroded by the continuing rise in the Japanese currency, by 6 per cent against the dollar over the period.

Domestic demand for foreign consumer goods started to climb sharply in the spring, but the overall domestic economy was still sluggish enough to produce a decline in total sales for most traders' import businesses. International trade in cars and steel was generally weaker, while food imports rose, said Mr Kazuhiko Usami, managing director of the Japan Foreign Trade Council, the trading houses' association. Marubeni was worst hit, with an 18.9 per cent decline in imports.

Trading companies' profits improvement is expected to lag Japan's general economic recovery because they continue to be burdened by write-offs on ill-judged experiments with financial engineering in the 1980s.

The sector's extraordinary losses on the disposal of so-called *tokkin*, in-house investment trusts, fell on average and are expected to continue to decline. At the same time, some of them are still paying start-up costs on diversifications outside their core trading businesses, like Mitsubishi in satellite communications and Sumitomo in cable television.

Capital spending cutbacks batter construction groups

By Gerard Baker in Tokyo

Interim results to September 1994 (Ybn)	Shimizu	Kajima	Obayashi	Taisei
Sales	878.0	837.9	740.9	675.8
Change on year (%)	-8.1	+5.2	-5.7	-14.4
Recurring profits*	38.9	31.0	27.9	15.2
Change on year (%)	-20.7	-2.6	-25.7	-52.5
Forecast, year	33.0	62.0	43.0	35.0
Change on year (%)	-72.6	-8.0	-25.0	-52.0
Net profits	11.6	8.0	8.5	5.6
Change on year (%)	-25.0	-59.5	-25.0	-59.6
Forecast, year	10.0	10.0	11.0	13.0
Change on year (%)	-4.0	-1.1	+0.6	27.3

* Before extraordinary items and tax. Source: company reports

Construction

Japan's construction contractors are continuing to suffer from industry's long abstinence from capital investment, but their performance seems to have passed its worst. The country's leading contractors yesterday reported a sharp fall in profits for the six months to the end of September, but said order books were starting to grow again for the first time in four years.

Capital expenditure accounts for 75 per cent of the turnover at the leading companies, and so an increase in revenues from housing construction could not offset a fall in office building business and lower private investment projects. Delays in the government's budgetary process caused a slump in public works projects.

Among the four largest companies, only Kajima was able to increase sales in the period. However, the overall decline in turnover was less than expected – combined sales at the four companies fell by 5 per cent – and Kajima and Obayashi both raised their recurring profit forecasts slightly for the full year.

Profits for the first half were still well below last year's already depressed levels, however. Aggregate recurring profits – before extraordinary items and tax – at the big four fell by more than 15 per cent as intense competition in the sector forced prices down.

However, a revival in private sector capital investment plans led to a 16 per cent rise in order books at Taisei, while Obayashi's orders were down slightly. Kajima alone reported a steep fall, as the company was shut out of public works projects because of its involvement in bribery cases.

Capital spending by Japanese corporations expanded rapidly in the late 1980s, as asset prices increased and companies borrowed heavily to finance growth. Since 1990, however, investment has collapsed along with asset prices.

The share of non-housing building in gross national product has fallen to 4.2 per cent, its lowest level for 35 years. The decline has forced companies to restructure, reducing staff levels and administrative costs.

However, Mr Bernard Siman, construction analyst at UBS in Tokyo, said capital expenditure was expected to increase as the economy began a gradual recovery. "These results suggest that with orders rising and margins improving, thanks to rising prices and restructuring efforts, the contractors' performance should improve substantially over the next few years," he said.

Sharp cut in bad debt costs helps NAB to surge 46%

By Nikki Tait in Sydney

National Australia Bank, the strongest of the country's four big banks, yesterday announced a A$1.71bn (US$1.29bn) profit after tax, abnormals and outside equity interests, for the year to end-September.

The figure, a record for any Australian company, compared with A$1.13bn in the previous 12 months, and translated into earnings per share of 127.3 cents, a 46.2 per cent rise over the 1992-93 result. The abnormal gain was A$50m, against A$59m last time.

NAB, which takes in the Clydesdale, Yorkshire and Northern banks in the UK as well as National Irish Bank and Bank of New Zealand, said it had declared a final dividend of 39 cents a share, making a total for the year of 74 cents. This is an increase of 48 per cent over the previous annual total.

Although NAB had never been as troubled by the property market's collapse and bad debt experience as its big local rivals, the strong result – in line with analysts' forecast – confirms the extent to which the Australian banking sector is bouncing back from the recession of the early 1990s. NAB said yesterday's result came after a reduction in the charge for bad and doubtful debts, to A$179m from A$604m. Total impaired loans after provisions fell by 37.2 per cent to A$1.7bn.

The main Australian Bank division saw its contribution to operating profit rise by 34.1 per cent, to A$1.03bn, with the UK/Irish group making A$428m, up from A$293m previously. NAB said the latter progress came mainly from a reduction in the bad debt charge and improved efficiency levels. The New Zealand operations made A$143m, up from A$95m previously.

In spite of the result, NAB shares weakened yesterday and closed 34 cents lower at A$10.36 on the Australian Stock Exchange.

Some analysts said that investors had been hoping for even higher profits; others suggested that, while the interest margin had widened in the second half, cost-containment in the second six months was disappointing. The cost-to-income ratio for the year overall was 55 per cent, down from 55.6 per cent in 1993 (excluding restructuring costs).

The bank said it expected further interest rate rises in the current year, both in Australia and overseas, but was looking to improve performance further as economies picked up.

However, Mr Don Argus, managing director, struck a cautionary note in Melbourne, saying he did not want to forecast 1994-95 profits "because, while saying there is good economic growth being projected for all of the markets in which we are represented, I still believe there are some signs to suggest that the system's growth that we have experienced over the past 12 months may not be sustainable."

BA, Qantas reassess flight plan

Nikki Tait looks at the prospects for the two airlines on the lucrative Australia-Europe routes in the wake of a decision to block their fares proposal

British Airways and Australia's Qantas, in which BA holds a 25 per cent stake, are expected to re-examine ways in which resources on their Australia-Europe services could be combined. The move follows yesterday's decision by the Australia's Trade Practices Commission to block a proposal which would have seen the two carriers jointly set air fares and freight rates on these routes.

In its ruling, the TPC, Australia's competition watchdog, said it believed the proposed arrangement was likely to lessen competition, and that benefits to the public from the services tie-up would be limited. It was sceptical about the airlines' argument that they could achieve significant cost-savings, and that these would be passed on to customers as lower fares.

Professor Allan Fels, TPC chairman, said the agreement was "very wide-ranging and open-ended", adding that price-fixing was viewed as "one of the most serious forms of anti-competitive conduct". He also noted that BA and Qantas had almost half the Australia-Europe air services market, and that smaller players did not compete in terms of frequency and convenience of flights.

The official response from the carriers was brief: both said they were disappointed and needed to study the draft decision carefully.

The TPC ruling, however raises two immediate questions. First, where does the relationship between British Airways and Qantas go from here? Secondly, what repercussions does the TPC decision have for the Australian government's planned stock market flotation of its remaining 75 per cent interest in Qantas next year?

The proposed deal would have been significant for the carriers – a first, large step towards implementing the broad commercial agreement they signed when BA bought its 25 per cent stake in Qantas, for A$665m (US$500m), last year.

Although the airlines characterised their proposal as a "co-operation" arrangement, their planned "pooling" of resources was to be extensive. They wanted to fix prices – that is, jointly determine air fares and freight rates – on all routes between Australia and Europe, including those going via the US, and between Australia and south-east Asia.

They also wanted to jointly manage capacity and yields on selected routes between Australia and Europe and Australia and south-east Asia. Finally, they sought to co-ordinate flight scheduling, sales and marketing operations on some of the routes.

The routes concerned involve big money. According to Qantas, Australia-Europe services generate around A$1.8bn a year for the two carriers combined, and about a quarter of its own international capacity is tied up flying these routes.

In submissions to the TPC, the two airlines argued the routes had not been profit-spinners in the past, and that public benefits would result if their viability improved.

Qantas, in particular, used two arguments. It noted that a rise in profitability would increase the amount which the government – and the Australian taxpayer – could hope to receive when the airline was floated on the stock market next year. Conversely, it warned that if the agreement was not allowed, it might have to reduce Australia-Europe services in an effort to contain these low returns. This would penalise the travelling public.

The carriers estimated the gain from the proposed agreement at about A$90m annually, of which two-thirds would go to Qantas. In the context of an airline which made a profit after tax and abnormals of A$156m in the last financial year, and which described a target of more than A$400m as "the right return on shareholders' funds", this would be a big bottom-line help.

However, the TPC was highly sceptical about the carriers' numbers. It said other confidential information from Qantas contradicted this assessment.

At face value, then, yesterday's decision would appear to be a blow to the airlines' potential relationship. But the story will almost certainly not end here.

One possibility is that Qantas simply sticks to its threat and prunes back services to Europe. However, the TPC's ruling is only a draft decision, and interested parties can ask for a "conference" on it within the next two weeks.

Yesterday, more thought seemed to be directed at how the two carriers might address the TPC's concerns, and still move towards operational rationalisation on the routes. Some comfort, at least, seemed to be taken from the thought that it was price-fixing which stuck most firmly in the watchdog's gullet.

Daihatsu Motor up strongly to Y2bn

Daihatsu Motor, Japan's second biggest manufacturer of minicars, posted a 280 per cent rise in recurring profits – before extraordinary items and tax – for the first half of the current fiscal year. It attributed the surge to a cost-cutting drive, Reuter reports from Tokyo.

Daihatsu, owned 16 per cent by Toyota Motor, announced a recurring profit of Y2.09bn ($21.2m) to end-September, compared with Y551m a year earlier.

The profit jump marked the second straight year-on-year gain for Daihatsu, and was achieved in spite of a dip in sales to Y345.02bn from Y362.87bn a year ago.

Daihatsu's operating profit rose by Y1.26bn. The company described this as the difference between a Y5.6bn loss due to poor sales and a saving of Y6.8bn through cost-cutting measures.

Domestic sales fell 1.1 per cent from a year earlier to 182,620 vehicles in the first half, with demand subdued ahead of the launch of a completely remodelled Mira – Daihatsu's mainstay model – in September.

Exports fell 50.1 per cent to 44,383 as shipments of assembled cars to China were replaced by exports of car components.

Daihatsu raised its forecast of recurring profit to Y5bn in the full year from an earlier Y4bn.

Randgold focuses on mineral rights

Randgold & Exploration said its West African mineral rights were likely to be grouped together and listed as a separate company in early 1995, Reuter reports from Johannesburg. It also said it would consider a rights issue early next year to refinance Durban Roodepoort Deep gold mine if current talks on its possible merger with Rand Leases Gold Mining Co were concluded successfully.

A number of proposals on the sale of Randgold's extensive mineral rights were still being considered, Mr Peter Flack, the new executive chairman, said after announcing poorer annual results.

He said the company's initial enthusiasm about the potential of Randgold's minerals rights had actually increased. It seemed most likely that the West African rights would be listed as a group in the first half of 1995.

Pre-tax profits slipped to R4.9m ($1.39m) for the year to end-September from R15.9m a year ago, and to R3.7m from R8.3m at the net level. The company passed its final dividend.

Mr Flack said Randgold had decided to take the full R12.6m costs of an intended restructuring at its head office in the financial year to September 30 1994.

It had raised R40m for working capital at Durban Deeps gold mine and to fund retrenchment packages.

Black still keen to lift stake in Fairfax

Mr Conrad Black, the Canadian media entrepreneur, said yesterday he still hoped to be allowed to increase his stake in John Fairfax, the Australian newspaper publisher, to 35 per cent. However, he said he had no plans to talk to members of the federal government on his current trip to Australia, writes Nikki Tait.

Mr Black, whose UK-based Telegraph group holds 24.8 per cent of Fairfax's shares, is limited to 25 per cent under Australian foreign ownership rules for media assets – a level he has previously indicated is unsatisfactory.

With Mr Kerry Packer, the Australian businessman, and Mr Rupert Murdoch also holding smaller stakes in Fairfax, there has been persistent speculation that Mr Black will eventually sell out. However, after yesterday's annual meeting of Fairfax shareholders, Mr Black said his stake was "the ultimate long-term hold".

At the annual meeting, Sir Laurence Street, Fairfax chairman, said the group had reached a "profitable and strategically important phase" and was "currently negotiating the establishment of strategic alliances and joint ventures with local and international partners in pay-TV and other media outlets".

U.S. $150,000,000

9 per cent. Depositary Receipts due 1994

Issued by Bankers Trustee Company Limited (the "Trustee")
evidencing entitlement to payments in respect of deposits with
Monte dei Paschi di Siena, London Branch (the "Bank")
payable solely from the proceeds of a loan made to

Nuova SAFIM – Società per Azioni Finanziaria Industria Manifatturiera

(the "Borrower").

NOTICE IS HEREBY GIVEN that a Meeting of the holders (the "Receiptholders") of the above-mentioned Depositary Receipts (the "Receipts") constituted by a Depositary Agreement and Trust Deed dated 27th November, 1989 and made between the Bank and the Trustee as amended by a Supplemental Trust Deed dated 10th May, 1993 made between the Bank and the Trustee (together the "Trust Deed") will be held at 11.00 a.m. (London time) on 25th November, 1994 at 1 Appold Street, Broadgate, London EC2A 2HE for the purpose of considering and, if thought fit, passing the following Extraordinary Resolutions.

EXTRAORDINARY RESOLUTIONS

(1) THAT this Meeting of the holders (the "Receiptholders") of the U.S. $150,000,000 9 per cent. Depositary Receipts due 1994 constituted by a Depositary Agreement and Trust Deed dated 27th November, 1989 and made between Monte dei Paschi di Siena, London Branch (the "Bank") and Bankers Trustee Company Limited (the "Trustee") as amended by a Supplemental Trust Deed dated 10th May, 1993 made between the Bank and the Trustee:–
(i) having considered the settlement proposal (the "Proposal") negotiated between the Committee (the "Committee") consisting of Receiptholders' representatives whose appointment was confirmed at a Meeting of Receiptholders held on 15th November, 1994 and Nuova SAFIM – Società per Azioni Finanziaria Industria Manifatturiera (the "Borrower") and/or the Borrower's Liquidator and/or the Borrower's legal advisers a copy of which Proposal has been initialled by the Chairman of the Meeting and copies of which were made available at the offices of the Trustee and the Paying Agents (as defined in the Trust Deed), hereby approves the terms of the Proposal and authorises the Trustee to request the Bank to enter into a binding agreement with the Borrower and/or the Borrower's Liquidator on the terms of the Proposal;
(ii) authorises the Trustee to do any act or thing, and to concur with the Bank in the execution of any document, necessary to give effect to this Extraordinary Resolution.

(2) THAT this Meeting of the holders (the "Receiptholders") of the U.S. $150,000,000 9 per cent. Depositary Receipts due 1994 constituted by a Depositary Agreement and Trust Deed dated 27th November, 1989 and made between Monte dei Paschi di Siena, London Branch (the "Bank") and Bankers Trustee Company Limited (the "Trustee") as amended by a Supplemental Trust Deed dated 10th May, 1993 made between the Bank and the Trustee:–
(i) having considered the settlement proposal (the "Proposal") negotiated between the Committee (the "Committee") consisting of Receiptholders' representatives whose appointment was confirmed at a Meeting of Receiptholders held on 15th November, 1994 and Nuova SAFIM – Società per Azioni Finanziaria Industria Manifatturiera (the "Borrower") and/or the Borrower's Liquidator and/or the Borrower's legal advisers a copy of which Proposal has been initialled by the Chairman of the Meeting and copies of which were made available at the offices of the Trustee and the Paying Agents (as defined in the Trust Deed), hereby approves the terms of the Proposal subject to such amendments as have been agreed by Receiptholders at this Meeting by a majority consisting of not less than three-fourths of the votes cast thereon, authorises the Trustee and the Committee to agree any further changes to the text of the Proposal which may be required to give effect to the amendments agreed at this Meeting and authorises the Trustee to request the Bank to enter into a binding agreement with the Borrower and/or the Borrower's Liquidator on the terms of the Proposal subject to such amendments;
(ii) authorises the Trustee to do any act or thing, and to concur with the Bank in the execution of any document, necessary to give effect to this Extraordinary Resoluton.

(3) THAT this Meeting of the holders (the "Receiptholders") of the U.S. $150,000,000 9 per cent. Depositary Receipts due 1994 constituted by a Depositary Agreement and Trust Deed dated 27th November, 1989 and made between Monte dei Paschi di Siena, London Branch (the "Bank") and Bankers Trustee Company Limited (the "Trustee") as amended by a Supplemental Trust Deed dated 10th May, 1993 made between the Bank and the Trustee:–
(i) hereby authorises the Trustee, in consultation with the Committee referred to in (1) and (2) above, to take steps to facilitate the prompt initiation by the Bank of appropriate legal action against Nuova SAFIM – Società per Azioni Finanziaria Industria Manifatturiera (the "Borrower") and/or the Borrower's Liquidator in the event that the Borrower and/or the Borrower's Liquidator fails fully to perform its/their obligations under any agreement entered into pursuant to the settlement proposal referred to in (1) and (2) above (amended as agreed at this Meeting) by the due date specified in such agreement or by such other date as is agreed at this Meeting;
(ii) authorises the Trustee to do any act or thing, and to concur with the Bank in the execution of any document, necessary to give effect to this Extraordinary Resolution.

(4) THAT this Meeting of the holders (the "Receiptholders") of the U.S. $150,000,000 9 per cent. Depositary Receipts due 1994 constituted by a Depositary Agreement and Trust Deed dated 27th November, 1989 and made between Monte dei Paschi di Siena, London Branch (the "Bank") and Bankers Trustee Company Limited (the "Trustee") as amended by a Supplemental Trust Deed dated 10th May, 1993 made between the Bank and the Trustee:–
(i) hereby authorises the Trustee, in consultation with the Committee referred to in (1) and (2) above, to take steps to facilitate the prompt initiation by the Bank of appropriate legal action against Nuova SAFIM – Società per Azioni Finanziaria Industria Manifatturiera (the "Borrower") and/or the Borrower's Liquidator in the event that agreement cannot be reached with the Borrower and/or the Borrower's Liquidator on the terms of the settlement proposal referred to in (1) and (2) above (amended as agreed at this Meeting) and that the Borrower does not meet in full its obligations under the Loan Agreement dated 24th Novemebr, 1989 between the Borrower, the Bank and Bankers Trust Company as Agent Bank on 27th November, 1994 or on such other date as may be agreed at this Meeting;
(ii) authorises the Trustee to do any act or thing, and to concur with the Bank in the execution of any document, necessary to give effect to this Extraordinary Resolution.

BACKGROUND

Under Decree Law No. 340 of 18th July, 1992, as subsequently renewed with amendments, Ente Partecipazioni e Finanziamento Industria Manifatturiera – EFIM ("EFIM"), (the parent of the Borrower) was placed into liquidation. Subsequently, the Borrower was also placed into liquidation.

On 17th February, 1993, the decree law governing the liquidation of EFIM was converted into law (No.33) (the "law"). Article 5.1 of the law states that the Liquidating Commissioner shall provide for the payment of debts of subsidiaries which, under the liquidation plan, are placed in liquidation, if and to the extent that the debts were assumed at a time when the subsidiary in question was (directly or indirectly) wholly-owned by EFIM. It is also contemplated by Article 6.4 of the law that medium and long-term financing agreements outstanding as at the date of the liquidation of EFIM and extended by banks or financial institutions are to remain in force, in accordance with their terms, until maturity.

The law, and subsequent amendments to it have included arrangements for the funding of the liquidation (taking into account Article 5.1 of the law).

Consequently, on the basis of the law the Committee has been advised by its Italian legal advisers that (subject only to the existence of sufficient assets and the provision of adequate funding) there is no legitimate basis for the Liquidating Commissioner to contest, or withhold (in whole or in part) payment of a claim in the liquidation for principal and interest due and other costs save for default interest, sanctions or penalties from the Borrower.

The attention of Receiptholders is particularly drawn to the quorum required for the Meeting which is set out in paragraph 2 of "Voting and Quorum" below. RECEIPTHOLDERS WISHING TO ATTEND AND/OR VOTE AT THE MEETING SHOULD ALSO NOTE THE EXPLANATION SET OUT IN PARAGRAPH 1 BELOW OF THE PROCEDURES FOR OBTAINING VOTING CERTIFICATES OR GIVING VOTING INSTRUCTIONS IN RESPECT OF THE MEETING.

In accordance with normal practice the Trustee expresses no opinion on the merits of the proposed arrangements but the Trustee has authorised it to be stated that it has no objection to the Extraordinary Resolutions being submitted to the Receiptholders for their consideration. This notice has been given at the direction of the Committee.

VOTING AND QUORUM

1. A Receiptholder wishing to attend and vote at the Meeting in person must produce at the Meeting either his Receipt(s) or, in the case of Receipts issued in bearer form ("Bearer Receipts"), a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bearer Receipt(s) in respect of which he wishes to vote. A holder of Bearer Receipts not wishing to attend and vote at the Meeting in person may either deliver his Bearer Receipt(s) or voting certificate(s) to the person whom he wishes to attend on his behalf, or give a voting instruction (on a voting instruction form obtainable from the specified office of any of the Paying Agents specified below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions. Bearer Receipts may be deposited until the time being 48 hours before the times fixed for holding the Meeting (or, if applicable, any adjourned Meeting of such Meeting) but not thereafter with any Paying Agent or (to the satisfaction of the Paying Agent) held to its order or under its control by the Operator of the Euroclear System or by CEDEL S.A., or any other person approved by it, for the purpose of obtaining voting certificates or appointing proxies in respect of the Meeting. Receipts so deposited or held will not be released until the earlier of the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting) and either, in the case of a Receiptholder who has obtained a valid voting certificate or valid voting certificates, the surrender of the voting certificate (s) to the Paying Agent which issued the same; or in the case of a Receiptholder who has given voting instructions instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions, the surrender, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjournment of such Meeting) is convened, of the voting instruction receipts issued in respect thereof.
A holder of a Receipt in registered form ("Registered Receipt") may by an instrument in writing (a "form of proxy"), in the form available from the specified office of the Transfer Agent, in the English language, signed by the Receiptholder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Transfer Agent not later than 24 hours before the time fixed for the Meeting, appoint any person (a "proxy") to act on his or its behalf in connection with any Meeting or proposed Meeting of Receiptholders.
Any holder of a Registered Receipt which is a corporation may by delivering to the Transfer Agent not later than 24 hours before the time fixed for the Meeting a resolution of its directors or other governing body in the English language authorise any person to act as its representative (a "representative") in connection with any Meeting or proposed Meeting of Receiptholders.
2. The quorum required at the Meeting for the passing of the Extraordinary Resolutions (the "Resolutions") set out above is two or more persons present in person holding Receipts or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than three-quarters in principal amount of the Receipts for the time being outstanding. If within a quarter of an hour from the time appointed for the Meeting a quorum for the passing of the Resolutions is not present at the Meeting, the Meeting shall stand adjourned for such period, not being less than 14 nor more than 42 days, as may be appointed by the Chairman of the Meeting and the Resolutions will be considered at the adjourned Meeting (notice of which will be given to the Receiptholders). The quorum required to consider the Resolutions at an adjourned Meeting will be two or more persons present in person holding Receipts or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-half in principal amount of the Receipts for the time being outstanding.
3. Any question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or the Bank or by one or more persons present holding one or more Receipt or voting certificate or being proxies or representatives and holding or representing in the aggregate not less than one-fiftieth part of the principal amount of the Receipts for the time being outstanding. On a show of hands every person who is present in person and produces a Receipt or voting certificate or is a proxy or representative shall have one vote. On a poll every person who is so present shall have one vote in respect of each U.S. $1,000 in principal amount of the Receipts so produced or represented by the voting certificate so produced or in respect of which he is a proxy or representative.
4. To be passed, each Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the votes cast thereon. If passed, the Resolutions will be binding upon all the Receiptholders, whether or not present at the meeting and whether or not voting, and upon all the holders of coupons relating to the Receipts.

AVAILABILITY OF DOCUMENTS

Copies of the Trust Deed, the Loan Agreement and the settlement proposal referred to above may be inspected and copies of the voting certificates and other documents referred to above may be obtained by Receiptholders from the specified office of any of the Paying Agents given below.

PRINCIPAL PAYING AGENT
Bankers Trust Company, 1 Appold Street, Broadgate, London EC2A 2HE

PAYING AGENTS
Bankers Trust Luxembourg S.A., 14 boulevard F.D. Roosevelt, L-2450 Luxembourg
Swiss Bank Corporation, 1 Aeschenvorstadt, CH-4002 Basle

REGISTRAR
Bankers Trust Company, Four Albany Street, New York, N.Y. 10015

TRANSFER AGENT
Bankers Trust Luxembourg S.A., 14 boulevard F.D. Roosevelt, L-2450 Luxembourg

Dated 18th November, 1994

Bankers Trustee Company Limited
A member of IMRO

This Notice has been approved by an authorised person for the purposes of the Financial Services Act 1986.

THIS NOTICE IS IMPORTANT. IF RECEIPTHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE THEY SHOULD CONSULT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

INTERNATIONAL COMPANIES AND FINANCE

Ericsson disappoints with 88% nine-month advance

By Christopher Brown-Humes in Stockholm

Pre-tax profits at Ericsson, the Swedish telecommunications group, jumped 88 per cent in the first nine months to SKr3.49bn ($475m) from SKr1.85bn on the back of surging sales of mobile telephone equipment and tight cost control.

Although the result was in line with expectations, it disappointed a market hoping for better figures and the group's B shares fell 5 per cent to SKr439 on profit-taking. This was in spite of a strong third-quarter order intake and confident remarks about prospects from Mr Lars Ramqvist, chief executive.

The group's radio communications division, including mobile telephony, underpinned the performance with a 56 per cent advance in nine-month sales to SKr26.3bn. Its strong showing, based on rapid growth in the US, Japanese and Australian markets, enabled the group to lift overall sales 29 per cent to SKr54.6bn.

In the third quarter, radio communications sales rose 47 per cent to SKr9.20bn from SKr6.24bn, more than half total sales of SKr18.06bn. Mobile telephony sales were 72 per cent higher.

The group's other big division, public communications, saw nine-month sales expand to SKr17.2bn from SKr15.1bn.

Mr Ramqvist said full-year results would be "significantly higher" than last year's SKr3.1bn.

"We retain our clear leading position in the world in mobile telephone systems, with sharply rising installations of all established systems. We also see a very positive trend in the area of mobile telephones, with a growing share of the world market."

Order bookings were 30 per cent higher in the third quarter, taking them to SKr60.1bn, ahead 22 per cent, for the first nine months.

The group's success in lifting orders for 12 consecutive quarters was described by Mr Ramqvist as "evidence that we truly have very competitive offerings for our customers".

The group's fastest-growing markets are in Asia, where nine-month sales climbed 80 per cent to SKr11.4bn from SKr6.3bn.

China and Japan are now the company's fifth and sixth largest markets after the US, Sweden, Italy and the UK.

Analysts forecast full-year profits of about SKr5.5bn.

Notebook computers help Dell increase sales in third quarter

By Louise Kehoe in San Francisco

Dell Computer, the US personal computer manufacturer, reported improved third-quarter results following its re-entry into the market for notebook computers and a renewed focus on "direct" sales via mail order and telephone.

Sales increased 17 per cent to $885m from $757m in the same period last year. Net income for the quarter was up sharply at $41.4m, or 93 cents a share, from $12m, or 26 cents, last time.

Notebook computers represented 9 per cent of worldwide computer sales, up from 5 per cent in the second quarter. Dell also reported strong sales of desktop PCs based on Intel's high performance Pentium microprocessor, which represented 32 per cent of sales in the quarter.

Third-quarter sales also benefited from a seasonal increase in US government sales, which typically decline in the fourth quarter, the company said. However, revenues from Europe and large US accounts are expected to offset the decline, said Mr Thomas Meredith, chief financial officer.

Noting that competitive pricing pressures are intense, Mr Dell said that the company "may choose not to take advantage of every opportunity for incremental revenue in order to deliver steady and sustainable results".

Gross profit margins declined sequentially from 21.4 per cent of sales in the second quarter to 20.5 per cent of sales.

However, operating expenses dropped to 13.8 per cent of sales, versus 15 per cent in the second quarter.

Although earnings were above Wall Street expectations of about 87 cents per share, Dell's share price declined to trade at $43¾ in mid session, down from Wednesday's close of 46\frac{1}{16}$.

For the year to date Dell reported revenues of $2.44bn, up from $2.13bn in the same period last year. Net earnings were $82m, or $2.10 a share against a loss of $55.1m, or $1.48.

ANGLOVAAL GROUP

Declaration of Interim Dividend – Year ending 30 June 1995

Dividends have today been declared in the currency of the Republic of South Africa to holders of ordinary shares listed below.
Salient dates related to this declaration are:

Last day to register for dividends and for change of address or dividend instructions	Thursday, 15 December 1994
Period during which transfer books and registers of members will be closed (both days inclusive)	Friday/Friday, 16 to 23 December 1994
Currency conversion date for sterling payments to shareholders paid from London	Wednesday, 28 December 1994
Dividend warrants posted (on or about)	Friday, 20 January 1995

Name of Company	Interim dividend declared Cents per share No.	1994	1993
▲Eastern Transvaal Consolidated Mines, Ltd. *(Reg. No 01/04442/06)*	89	5,5	6
Hartebeestfontein Gold Mining Company Ltd. *(Reg. No. 05/33926/06)*	78	64	75
Zandpan Gold Mining Company Ltd. *(Reg. No. 55/02414/06)*	45	10,3	12

The dividends are payable subject to conditions which can be inspected at the registered office or office of the London Secretaries of the companies.
All companies are incorporated in the Republic of South Africa.

By order of the boards	London Secretaries	Registered Office
	Anglovaal Trustees Limited	Anglovaal House
Anglovaal Limited	33 Davies Street	56 Main Street
Secretaries	London W1Y 1FN	2001 Johannesburg

per: K.G. Williams
17 November 1994

Notice of Final U.S. $20,000,000 Redemption
out of:
U.S. $100,000,000
Lloyds Eurofinance N.V.
11½ per cent. Guaranteed Bonds due 1994
Unconditionally and irrevocably guaranteed on a subordinated basis by
Lloyds Bank

NOTICE IS HEREBY GIVEN that pursuant to Condition 6(a) of the Bonds that the final U.S. $20,000,000 principal amount of the Bonds will redeem at their principal amount.
Payments of principal will be made in accordance with Condition 5 of the Terms and Conditions of the Bonds on or after 30th December, 1994 at the specified office of any of the Paying Agents who are listed in the Terms and Conditions of the Bonds, against surrender of the Bonds with all unmatured Coupons attached, failing which the face value of any missing unmatured Coupon will be deducted from the payment. Any amounts of principal so deducted will be paid against surrender of the relevant missing Coupon within a period of six years from the date mentioned on the Coupon. Accrued interest due 30th December, 1994 will be paid in the normal manner against presentation and surrender of Coupon No. 12 on or after 30th December, 1994. Interest on the Bonds redeeming will cease to accrue from 30th December, 1994.

By: The Chase Manhattan Bank, N.A.
London, Principal Paying Agent
CHASE
November 18, 1994

Shawmut Corporation
U.S.$50,000,000
Floating Rate Subordinated Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 6.3125% and that the interest payable on the relevant Interest Payment Date February 21, 1995 against Coupon No. 40 in respect of US$10,000 nominal of the Notes will be US$166.58.

November 18, 1994, London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

Campbell Soup lifted by strong US markets

By Patrick Harverson in New York

A sharp rebound in its domestic businesses helped Campbell Soup, the US food group, post a 19 per cent jump in first-quarter earnings to a record $197m, or 79 cents a share. Net sales in the period totalled $1.86bn, up from $1.76bn a year earlier.

An upbeat Mr David Johnson, chairman, said yesterday: "Our US businesses have come roaring back, and our international businesses have continued on a fast pace."

In the US, Campbell's sales rose to $1.12bn from $1.07bn as strong volume gains from a number of products – including frozen dinners, spaghetti sauce and pickles – helped offset a drop in soup shipments which the group said was part of its programme to eliminate costly peaks in its manufacturing and shipping cycles.

Bakery and confectionery sales rose 6 per cent to $417m in the wake of volume gains in chocolate and biscuit products at home and overseas, while international grocery sales jumped 11 per cent to $341m, aided by strong sales of soups worldwide.

The record results helped Campbell's share price climb $¼ to $44¾, a new high for the year.

Earnings drop sharply at NYSE member firms

By Patrick Harverson

Earnings of New York Stock Exchange member firms plunged in the third quarter, falling to $447m from $1.3bn a year ago.

For the first nine months, stock exchange member firms earned $894m, compared with $4.3bn in the same period of 1993.

Although the figures for the latest quarter represented an impressive recovery from the $404m loss incurred in the second quarter, the sharp drop from the year-earlier period in the earnings of the 302 NYSE securities firms which do business with the public illustrates how much business conditions on Wall Street have deteriorated.

This was largely because of rising interest rates and the slump in the bond market.

In contrast to the securities firms, which do business with the public, NYSE specialist firms – the marketmakers which exclusively match buyers and sellers on the exchange's trading floor – reported a 23 per cent rise in third-quarter profits to $38m.

Woolworth posts first net profits in six quarters

By Richard Tomkins in New York

Woolworth, the troubled US retailing group, yesterday pulled itself out of six consecutive quarters of losses. It posted net profits of $37m in the three months to October compared with net losses of $350m in the same period last year.

However, the comparison was flattered by special provisions and one-time charges that hit results in the third quarter of 1993. Excluding these, the combined operating profits of the company's general merchandise and specialty retailing divisions were little changed.

Woolworth has been cutting back its fading five-and-dime stores and diversifying into specialty retailing. The strategy has failed to yield results.

At the operating level, Woolworth said the specialty retailing operations had increased profits to $95m from $61m and the general merchandise operations had turned in a $9m profit in the latest quarter from a $31m loss.

However, the 1993 figures included special provisions of $23m against specialty retailing and $49m against general merchandise operations, relating to workers' compensation and general liability insurance.

Without these, the comparison would have shown profits of the specialty retailing rising less – to $95m from $84m – and profits of the general merchandise operations declining to $9m from $18m.

The company took a restructuring charge in last year's third quarter to cover 13,000 job cuts and closing 970 general merchandise stores in North America. Without the charge, the comparable period's net losses would have been $3m.

Total group revenues fell to $2.1bn from $2.39bn. Earnings per share were 28 cents compared with losses per share of $2.66 last time.

Record third period at Wal-Mart Stores

By Richard Tomkins

Store openings and a large increase in revenues helped Wal-Mart Stores, the US discount store group, increase net income by 13 per cent to a record $588m in its third quarter to October from $519m for the same period last year.

Revenues shot up 21 per cent to $20.4bn, reflecting new store openings and recent acquisitions. But profits lagged the growth in turnover because much of the increase came from the recent acquisition of the loss-making Pace Membership Warehouse chain from Kmart and the Woolco chain from Woolworth Canada.

Earnings per share rose 13 per cent to 26 cents from 23 cents.

At the end of the quarter, the company had 61 more Wal-Mart discount stores than it had a year earlier, making a total of 1,983. The number of Supercenters rose by 52 to 119 and the number of Sam's Clubs rose by 75 to 437. The company added 122 Canadian Wal-Mart stores, increased the number of Mexican stores by 38 to 52, and opened three Value Clubs in Hong Kong.

The Sam's Club membership warehouse operations continued their recent weakness, with same-store sales falling 0.7 per cent. This was offset by strong growth in the core Wal-Mart operations which increased same-store sales 7.4 per cent.

Until recently, Wal-Mart's shareholders had been accustomed to seeing earnings growth averaging 25 per cent a year, but the company, the world's biggest retailer, is finding it hard to sustain the momentum.

ABN Amro acquires 20% of Asian broker

By John Gapper, Banking Editor

ABN Amro, the Dutch bank which is attempting to build a large international investment banking business, yesterday said it had acquired a 20 per cent interest in an Asian stockbroker with the intention of acquiring majority control.

The bank hopes to build up its stake in HG Asia Group, a leading broker in Asian markets, to majority control within the next year. The HG Asia network was formerly part of Hoare Govett, the UK stockbroker which ABN Amro acquired two years ago, but was then bought out by its management.

Mr Louis de Bievre, the ABN Amro board member responsible for investment banking, said the bank had had "a rather limited" presence in Asian equities. He said ABN Amro had employed a consultant to look for acquisitions but the HG Asia chance had arisen through past connections. It would not have bought the stake unless it was confident of acquiring majority control.

The two other large shareholders in HG Asia are the Guoco Group listed in Hong Kong and HG Asia's management. The Guoco Group is part of the Malaysian Hong Leong Group, a conglomerate headed by Mr Quek Leng Chan.

Mr de Bievre said ABN Amro saw Mr Quek's involvement in HG Asia as an important aspect of the purchase because of his contacts in local markets.

He said Mr Quek wanted to remain a shareholder, which ABN Amro also wanted.

NEWS DIGEST

Banca di Roma to take control of south Italian bank

Banca di Roma, which owns Italy's biggest banking network, has confirmed it will take control of Banca Mediterranea, based in southern Italy, writes Andrew Hill in Milan.

Banca Mediterranea, which has about 90 branches in the Basilicata, Campania, Puglia and Molise regions, has announced a L280bn ($176m) increase in capital reserved for Banca di Roma, which will give the Rome-based bank control.

Banca di Roma said it intended to take control of Banca Mediterranea, formed in 1992 from a merger between three regional banks, in the spring, when it would buy a 4.2 per cent stake in the bank.

Banca di Roma has more than 1,200 branches across Italy. As consolidation of the fragmented Italian banking sector continues, many analysts expect Banca di Roma to look for further acquisitions in the south, while banks such as Credito Italiano and Banca Commerciale Italiana, both based in Milan, attempt to expand in the richer northern part of the country.

Banca di Roma announced a profit last year of L880bn before tax. Banca Mediterranea, by contrast, has been hit by recession in the south of the country, and lost L62bn.

Indian tea company earns record profits

Tata Tea, India's biggest plantation company, reported a record net profit of Rs360m ($11.5m) in the six months to September 30, against Rs350m a year earlier, even though tea prices have remained depressed because of oversupply, writes Kunal Bose in Calcutta. Sales fell marginally to Rs1.8bn.

In the first half, the company's export earnings rose Rs20m to Rs314m However, Mr Krishna Kumar, managing director, said export prospects for the remainder of the year "do not look too buoyant" because of continuing difficulties inexporting black tea to some countries.

RTZ terminates talks on gold mine sale

RTZ Corporation, the world's biggest mining group, and Kinross Gold, a junior Canadian company, have terminated negotiations on the sale to Kinross of the Ridgeway gold mine in South Carolina for US$47m, writes Kenneth Gooding in London.

No reasons have been given for the breakdown in talks, but Mr Bob Adams, RTZ director of planning and development, said yesterday: "We will lose no sleep over this."

Mr Bob Wilson, RTZ chief executive, said Kinross had made the first approach about the proposed deal and had offered a good price for what was RTZ's highest-cost gold producer. Ridgeway, which is expected to produce about 125,000 troy ounces of gold this year, also had limited reserves – about 10 years – and exploration potential.

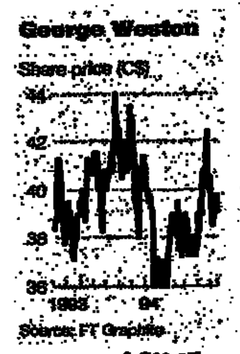
He said that, contrary to market rumours, RTZ had not put a "for sale" sign on its US gold mines – which also include Barney's Canyon in Utah and Rawhide (51 per cent-controlled) in Nevada – but if the right offer came along it would be considered as these assets were not strategically important to the group.

MIM to price Asarco offer at US$28 a share

MIM Holdings, the Queensland-based metals group, said its 24.5 per cent stake in Asarco, the US mining company, would be sold via a public offering at a price of US$28 a share, writes Nikki Tait in Sydney. This is slightly in excess of book value, and will raise about $290m.

The offering is underwritten by CS First Boston and S. G. Warburg. MIM, which has been steadily disposing of its non-core assets and investments, first announced plans to sell the Asarco stake in mid-October.

George Weston sees higher 1995 earnings



George Weston, the Canadian food distribution, forest products and fisheries group controlled by the Weston family, improved earnings in the first nine months and sees further gains in 1995, writes Robert Gibbens in Montreal. Third-quarter net profit was C$34.7m (US$25.3m), or 74 cents a share, up from C$21.1m, or 45 cents, a year earlier on revenues of C$3.85bn against C$3.55bn.

Nine-month profit was C$71.6m, or C$1.52 a share, up from C$50.6m, or C$1.08, on revenues of C$9.8bn against C$9.06bn.

Mr Galen Weston, chairman, said food processing and distribution were improving margins, fisheries were turning round, and pulp and paper operations were now profitable.

He said that while Weston's return on equity was still well below normal, the company looked forward to better results again in 1995.

Electrolux in India move

Electrolux, the Swedish maker of white goods, yesterday acquired a 51 per cent stake in Intron, an Indian washing machine and washer dryer manufacturer, to enter the Indian market, writes Shiraz Sidhva in New Delhi. Electrolux will invest nearly $2.5m for an equity stake in the company.

Mr Indar Khosla, managing director of Intron, said: "Our collaboration with Electrolux will benefit the company in upgrading our manufacturing, marketing and management techniques."

Rockefeller denies reports of mortgage default on centre

By Patrick Harverson

Rockefeller Group, which owns the Rockefeller Centre office complex in Manhattan, yesterday denied reports that it could soon default on its mortgage payments on the centre.

Rockefeller Group is 80 per cent controlled by Mitsubishi Estate of Japan while the other 20 per cent of Rockefeller Group is in the hands of the Rockefeller family.

In a quarterly filing with the Securities and Exchange Commission, the holder of the $1.3bn mortgage on the complex – the real estate investment trust Rockefeller Centre Properties (RCP) – warned there was "substantial concern" about the ability of Rockefeller Group to meet its mortgage payments. Due to the depressed state of the New York commercial property market, Rockefeller Centre's rental income has not been able to cover its mortgage payments for years.

Yesterday the Rockefeller Group said the next monthly $46.5m interest payment on the mortgage had been paid, and it remained committed to "maintaining the Rockefeller Centre as the premier commercial property in the world".

Although Mitsubishi and the Rockefeller family have made up the $300m annual cash shortfall on the Rockefeller Centre's books for the past five years, the SEC filing raised doubts about Mitsubishi's willingness to continue covering the large losses.

If Mitsubishi pulled out of its commitment to cover the losses and the property defaulted, ownership of the centre would revert to RCP as the mortgage holder.

Although property analysts have long doubted whether Mitsubishi would cut its losses because of the damage such a move would inflict on its reputation, the SEC filing indicated that RCP believed the Japanese group may be close to changing its mind.

When Mitsubishi bought majority control of the landmark art-deco complex for $1.4bn in 1989, it was one of the most high-profile Japanese investments in the US. Soon after that deal the New York property market collapsed and the 19-building complex is estimated to be worth less than $1bn.

Procter takes a gamble with nappy changes

The group hopes to regain market share with its latest price cuts, writes Richard Tomkins

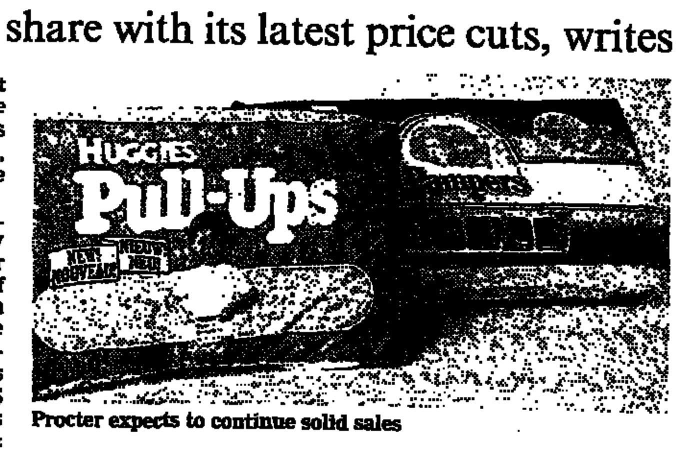
Here is a puzzle. Pulp prices are rocketing worldwide, so companies making paper-based products are under pressure to raise their prices too. Yet Procter & Gamble, the US consumer products group, announced earlier this week that it was cutting the US price of its Luvs disposable nappies (diapers in the US) by 11 per cent. What is Procter & Gamble's game?

At first glance, the announcement sounded ominously like a repeat of Marlboro Friday. Procter & Gamble, which makes 15 per cent of its global revenues from disposable nappies, said it was cutting the price of Luvs to claw back market share from cheaper, store-branded and private label nappies. Last year Philip Morris, another big US packaged goods maker, employed much the same logic when it cut the price of Marlboro, its top-selling cigarette brand, to reverse its loss of market share to cheaper, generic brands.

So was this Diaper Tuesday? The comparison falters because Luvs, unlike Marlboro, is not a premium product. Procter & Gamble's top disposable nappy brand in the US is Pampers, while Luvs is a value-for-money brand. Procter & Gamble says the Luvs price cut is intended merely to restore the product's competitiveness with private label brands, which have recently become cheaper.

Even so, the cut will hurt. US nappy prices have already fallen by about 20 per cent over the past two years because of tough competition between Procter & Gamble, the private label suppliers, and Kimberly-Clark, the US paper products company that leads the US nappy market with its Huggies brand. Furthermore, Procter & Gamble is having to accompany the Luvs price cut with a 2 per cent reduction in the US price of Pampers because Pampers might otherwise start to look too expensive.

The puzzle is how Procter & Gamble can afford it. Pulp prices, driven by surging worldwide demand, have shot up by 80 per cent from their November 1993 low of $390 a tonne, and are rising fast. According to Mr Chip Dillon, an analyst at Salomon Brothers, Procter & Gamble gets through 700,000-800,000 tonnes of pulp a year in the US alone. So even by the most conservative estimate, the company is facing an increase in pulp costs of $200m a year in the US – equivalent to about 25 cents a share after tax.



Procter expects to continue solid sales

One way Procter & Gamble plans to defray the cost is by increasing the price of its other paper-based products. It said this week that it was raising the US prices of its Charmin toilet tissue by 5 per cent, its Bounty paper towels by 6 per cent and its Puffs facial tissues by 8 per cent. Meanwhile, the Luvs price cut should be partially offset by increased sales.

The company is also cutting manufacturing costs. In July last year it set in train a plan to close 30 plants and shed 13,000 jobs – about 12 per cent of its global workforce – in response to competition from lower-priced products. "The efficiencies gained from those actions pay out at a time like this," the company says.

Procter & Gamble insists that it expects to continue "solid" sales and earnings progress in spite of the nappy price cuts. Ms Lynne Hyman, an analyst at CS First Boston, is less sure: she thinks the price increases on tissue and towel products should cancel out the increased cost of pulp, while lower production costs should balance out the price cuts for Luvs. "I would say it's fairly neutral, but a little bit of it is dependent on getting some higher volumes, so there's a chance it could be slightly negative," she says.

If things do go wrong, one possible gainer should be Procter & Gamble's biggest US rival in paper products, Kimberly-Clark. Unlike Procter & Gamble, Kimberly-Clark is a pulp producer. Therefore if product prices rise, Procter & Gamble will be simply defraying higher raw material costs, while Kimberly-Clark should see the full benefit at its bottom line.

Unfortunately, however, Kimberly-Clark has troubles of its own. The company has been trying to break into the European market for disposable nappies with its Huggies brand, but the cost of doing so has proved much higher than expected – not least because of aggressive retaliatory action by Procter & Gamble. So the last thing Kimberly-Clark needs just now is a round of price cuts in the US nappy market.

Mr Sherman Chao, an analyst at Merrill Lynch, remarks that all this is a far cry from the early 1990s, when consumer product companies were enjoying a fall in raw material costs and yet were still able to push up prices. "Now everything is converging against them – an inability to raise prices in general and raw material prices moving up." Seen in that light, it is remarkable that Procter & Gamble is doing as well as it is. But with the nappy war moving to Europe, and the increase in pulp prices showing no signs of slowing, no one is pretending that the diaper business is going to get any easier.

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INTERNATIONAL CAPITAL MARKETS

Treasuries unable to shake off bearish mood

By Lisa Bransten in New York and Martin Brice in London

US Treasuries dipped again yesterday morning as the market has proven unable to shake its bearish mood in spite of some positive economic data.

By midday, the benchmark 30-year bond was down $\frac{11}{32}$ at $92\frac{27}{32}$, yielding 8.159. At the short end of the market, the two-year note fell $\frac{3}{32}$ at 99%, to yield 7.204 per cent.

Labor Department figures showing a 5.2 per cent fall in housing starts briefly lifted the long-bond by nearly ½ point.

Construction of new housing fell across the country to its lowest level since June, and came in well below economists' expectations.

While weather was a factor in some markets, analysts interpreted the data as a sign that higher interest rates are beginning to affect house-building. Still, the market proved unable to rally as traders tried to use the rise in prices to sell.

Many investors are trying to decrease their long-bond holdings by the end of the year, according to Mr Doug Burtnick, a senior fixed-income analyst with Thomson Financial Services.

He attributed the market's failure to take heart from a report from the Federal Reserve Bank of Philadelphia indicating slowing business activity for November, to bearishness and confusion in the market.

"It's a bear market scenario. The uptrades are laborious and the downtrades are like throwing rocks out a window," he said. "People really don't know what's going on, they see the market tumble and it's disconcerting without any news to trigger it."

GOVERNMENT BONDS

He added that investors were also worried about over-supply in advance of next week's auction of two-year and five-year notes that will take place in a week shortened by the Thanksgiving holiday.

Given the overall pessimism in the markets, any future supply is expected to have a dampening effect on demand.

■ European government bond prices fell further yesterday, although UK gilt prices continued their recent out-performance compared with other markets, slipping only slightly.

Mr Mark Cliffe, international economist at Midland Global Markets said: "There is disappointment in the markets about the rather poor response in the US towards the Fed's tightening."

■ Gilts started the day well, lifted by retail sales figures which suggested there was little chance of an increase in UK base rates this year – sales in October rose by a seasonally adjusted 0.1 per cent, below market expectations of a 0.2 per cent rise.

However, gilts were pulled back by falls in US Treasuries and bunds and by late in the day the December long gilt future had moved down $\frac{11}{32}$ to trade around $101\frac{27}{32}$. The yield spread over bunds tightened by 4 basis points to around 128.

Mr Jeremy Stretch at NatWest Markets said today's revised figure for the third quarter GDP might have an impact on gilt prices.

"An upward revision should not undermine the market unduly. If it is on the back of increased investment and manufacturing production, it will not be too worrying," he said, adding that he believed there was unlikely to be a change in UK base rates until the first quarter of next year.

Mr Stretch said political uncertainty arising from prime minister Mr John Major's difficulties over the UK contribution to the EU budget were not yet an influence on gilts, but added: "There is no doubt that will come into play in the weeks to come."

■ German government bonds slipped and the December bund futures contract traded around 89.83 late in the day, a fall of 0.32.

Ms Alison Cottrell at Kidder Peabody said the expected release of money supply figures next week was likely to be the next influence on the market.

■ The yield on Italian government bonds rose by 9 basis points to 12.14 per cent on increased political worries.

Israeli investment company plans global offering

By Julian Ozanne in Jerusalem

Africa Israel Investments, a leading Israeli investment company with interests in insurance, property and hotels, is planning a \$150m–\$200m global offering in New York, London and Frankfurt early next year.

The international offering will follow an Israel secondary offering through the Tel Aviv Stock Exchange worth up to Shk233m (\$77m) which closed yesterday afternoon. Africa Israel will be the first Israeli company outside the high technology and medical sectors to issue shares abroad and together the offerings will raise the largest amount of money in Israel's history.

The move marks the growing interest of Israeli companies in raising money on European capital markets and the growing interest of European investors in the Israeli corporate scene. Traditionally, Israeli companies have turned to New York to raise money.

Mr Shlomo Grofman, managing director, is optimistic about the local offering, in spite of the weakness of the Tel Aviv exchange, and believes Europe is now a place for Israeli companies to raise money.

"Definitely there is a new environment in Europe since Israel signed peace treaties with Jordan and the Palestinians," he said. "European investors are looking at the new Middle East, and particularly companies like ours which reflect the business of the new region."

Morgan Stanley has been appointed global co-ordinator for the international offering and Barclays de Zoete Wedd will be joint lead manager with Morgan Stanley for the European tranche. Smith Barney and Lehman Brothers will also participate in the offering.

"This is the first major Israeli offering with a designated European tranche and reflects growing interest in Israel by international investors," said Mr Niel Sebag-Montefiore, BZW corporate finance director.

The offerings are intended to dilute the holdings of Bank Leumi, the largest shareholder, from the current 50.2 per cent. Under recent banking legislation Bank Leumi must reduce its stake in the company to 25 per cent by December 1996.

Mr Grofman said the two offerings will dilute Bank Leumi's share to about 35 to 38 per cent and will be followed by a further global offering later next year.

Africa-Israel owns the Migdal insurance group, Israel's largest insurance company, which controlled 24 per cent of the total insurance market last year. The company also controls and manages Holiday Inn, the largest international hotel chain in the country, and has extensive property development schemes under way.

Africa Israel boosted first-half net profits by 51 per cent from Shk30m to Shk31.2m. Last year, the company made a net profit of Shk63.2m. The company recently purchased a 26 per cent stake worth \$12.5m in Ayalon, an Israeli petroleum retailer, and a 45 per cent stake in Haifa Quarries is a deal aimed at developing a 15,000 sq m site into a \$25m commercial, office and tourism centre.

● Chase Manhattan and Bank Leumi le-Israel BM this week announced a strategic alliance designed to provide ADR and GDR programmes "programme services" to Israeli companies.

Banks selling derivatives 'not aggressive'

By Richard Lapper

Banks are not overly aggressive in selling derivative products, according to a new survey by a US risk management consulting firm.

Eighty senior corporate finance executives from multinational corporations, mainly from US and Europe, responded to the survey conducted by Irvington, New York-based Emcor Risk Management Consulting. Only 12 per cent of those respondents believe banks are too aggressive in their marketing.

All respondents use derivatives to manage their currency exposure, either through hedging or other techniques, 95 per cent of respondents "managed" their interest rate exposure in the same way, while approximately 30 per cent "managed" their energy and commodity exposures.

Dollar issues feed continuing demand

By Conner Middelmann

Another wave of US dollar bonds swept the eurobond market yesterday, feeding continuing investor demand for dollar paper. While retail investors are said to be keen buyers of two to five-year bonds, institutional investors were reported to be moving down the yield curve into the 10-year sector.

INTERNATIONAL BONDS

"Following the latest US rate hike, a lot of people expect the long end to perform better as the curve flattens," said one dealer.

However, some warned that the weight of new supply might lead to saturation of the market. "There has been enough volume to satisfy what demand there is, but if there is much more I fear the market's underwriting capacity could come under strain," said another trader.

Japan's Electric Power Development Company made its eurodollar debut with \$300m of 8⅛ per cent five-year bonds, priced to yield 23 basis points over the five-year Treasury note, via IBJ and JP Morgan. While some said the pricing was rather generous for a government-guaranteed issuer, most dealers welcomed the terms of the deal.

"It was well priced and well handled – they did the right thing given that they're not that well-known," said one dealer.

Since the EPDC plans to return regularly to the dollar sector, "it was strategically important for the issuer to do a deal which was well-received," said one of the lead managers. After the bonds were freed to trade, the yield spread tightened slightly to around 21 basis points over Treasuries.

Capitalising on demand for medium-dated paper, L-Bank issued \$400m of 8 per cent five-year bonds priced to yield 20 basis points over Treasuries via J. P. Morgan. Although the deal saw interest from UK, Swiss and Benelux institutional investors, it was somewhat eclipsed by the EPDC issue and is expected to be placed more slowly.

In the 10-year sector, KfW, the German reconstruction agency, issued \$500m of 8¼ per cent 10-year bonds via joint leads Dresdner Bank and Goldman Sachs.

Yielding 27 basis points over Treasuries at the re-offer price, the bonds were deemed fairly priced; indeed, some felt the spread could have been a few basis points tighter.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
KfW Intl. Finance, Delaware	500	8.25	98.906R	Nov.2004	0.325R	+27(7¼%-04)	Dresdner/ Goldman Sachs
Baden-Württemberg L-Finance	400	8.00	99.57R	Dec.1999	0.25R	+20(WI 5yr)	JP Morgan Securities
Euro Credit Cards	350	7.875	99.892R	Dec.1997	0.1875R	+32(7¼%-97)	Citibank International
Electric Power Development Co.	300	8.125	99.844R	Dec.1999	0.25R	+23(WI 5yr)	IBJ Intl/ JP Morgan
Banco do Brasil, Gd Cayman	100	10.25#	99.77283R	Dec.1997	0.675R	+290(7¼%-97)	Chemical Investment Bank
YEN							
Daiwa Intl.Finance Cayman(b)	10bn	(b1)#	100.00	Aug.2005	undisc.	-	Salomon Brothers Intl.
STERLING							
IMI Bank Intl.(Cayman Is)‡	100	(a)	99.575R	Dec.1999	0.15R	-	HSBC Markets
D-MARKS							
Asfinag	200	7.125	99.697R	Dec.1999	0.25R	+17(6¼%-99)	Morgan Stanley
ITALIAN LIRE							
Société Générale Acceptance	150bn	10.75	101.16	Dec.1996	1.125	-	Credito Italiano
GUILDERS							
BNG	350	7.50	99.53R	Dec.2000	0.275R	+21(8¼%-00)	ING Bank
PESETAS							
European Investment Bank(c)	15bn	10.90	101.25	Nov.1998	1.375	-	Bco. Santander de Negocios
SWISS FRANCS							
World Bank	200	5.375	102.50	Dec.2000	2.00	-	UBS

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) 3-mth Libor +⅛%. b) Callable on 24/2/00 at par. b1) 5% to 24/2/00 and 5.15% thereafter. c) Fungible with Pta20bn. Plus 30 days accrued.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	89.8500	−0.900	10.89	10.69	10.13
Belgium		7.750	10/04	95.9000	−0.420	8.37	8.29	8.35
Canada *		6.500	06/04	83.0500	−0.600	9.21	9.12	9.13
Denmark		7.000	12/04	87.9500	−0.420	8.86	8.91	8.77
France	BTAN	8.000	05/98	101.3180	−0.750	7.47	7.47	7.28
	OAT	6.750	10/04	90.3200	−0.420	8.21	8.14	8.12
Germany Bund		7.500	11/04	99.7300	−0.970	7.54	7.47	7.41
Italy		8.500	08/04	81.2600	−0.420	11.79†	11.69	11.78
Japan	No 119	4.800	06/99	102.8240	−0.040	4.07	4.09	4.09
Japan	No 164	4.100	12/03	95.9040	−0.030	4.75	4.75	4.73
Netherlands		7.250	10/04	97.5300	−0.310	7.61	7.51	7.41
Spain		8.000	05/04	81.6900	−0.030	11.21	11.21	11.15
UK Gilts		6.000	08/99	90-21	−2/32	8.43	8.50	8.48
		6.750	11/04	87-24	−8/32	8.59	8.63	8.63
		9.000	10/08	103-06	−10/32	8.60	8.60	8.62
US Treasury *		7.875	11/04	98-31	−18/32	8.03	7.91	7.77
		7.500	11/24	92-27	−21/32	8.14	8.06	7.98
ECU (French Govt)		6.000	04/04	83.7000	−0.340	8.58	8.54	8.51

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	5.63	Two year	7.13
Prime rate	8½	Two month	5.41	Three year	7.48
Broker loan rate	8½	Three month	5.51	Five year	7.73
Fed.funds	5½	Six month	6.02	10-year	7.98
Fed.funds at intervention	-	One year	6.56	30-year	8.11

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	110.96	110.68	-0.50	111.04	110.64	157,195	129,567
Mar	110.12	109.86	-0.50	110.20	109.66	4,021	20,051
Jun	109.26	109.02	-0.50	109.28	109.24	103	3,004

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Nov	Puts Dec	Puts Mar
110	0.89	1.56	-	0.22	1.70	-
111	0.29	1.10	-	0.61	-	-
112	0.06	0.72	-	1.38	-	-
113	0.02	0.46	-	-	-	-
114	0.01	0.28	-	-	-	-

Est. vol. total, Calls 36,755 Puts 20,823. Previous day's open int., Calls 296,670 Puts 276,413.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.18	89.83	-0.34	90.20	89.73	137675	177435
Mar	89.24	88.95	-0.36	89.24	88.91	9672	32949

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
8950	0.54	0.56	0.84	1.01	0.21	1.11	1.36	1.56
9000	0.26	0.36	0.64	0.79	0.43	1.43	1.69	1.84
9050	0.12	0.25	0.48	0.62	0.79	1.80	2.03	2.17

Est. vol. total, Calls 21316 Puts 13340. Previous day's open int., Calls [illegible] Puts [illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	100.70	100.38	-0.34	100.85	100.20	38524	55681
Mar	99.60	99.43	-0.33	99.60	99.30	926	11370

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
10000	0.70	1.97	0.32	2.54
10050	0.44	1.75	0.56	2.82
10100	0.22	1.51	0.84	3.08

Est. vol. total, Calls 2128 Puts 2561. Previous day's open int., Calls 28553 Puts 35076

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	87.02	86.96	-0.16	87.16	86.92	39,234	82,571
Mar	86.21	86.16	-0.21	86.21	86.15	747	3,867

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	102-02	101-27	-0-09	102-10	101-24	55380	103519
Mar	101-10	101-02	-0-09	101-17	101-03	990	9805

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
101	1-02	1-59	0-12	1-55
102	0-25	1-28	0-35	2-24
103	0-06	1-03	1-16	2-63

Est. vol. total, Calls 3407 Puts 1094. Previous day's open int., Calls 77565 Puts 54940

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	80.96	80.76	-0.42	81.00	80.76	2,921	7,202

US

■ US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	97-08	97-02	-0-01	97-09	96-28	518,531	390,069
Mar	96-13	96-14	-0-01	96-21	96-08	11,136	58,716
Jun	95-26	95-28	+0-03	96-02	95-25	187	11,882

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.86			107.88	107.64	879	0
Mar	107.17			107.22	107.16	1879	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Nov 17	Day's change %	Wed Nov 16	Accrued interest	xd adj. ytd		Low coupon yield Nov 17	Nov 16	Yr. ago	Medium coupon yield Nov 17	Nov 16	Yr. ago	High coupon yield Nov 17	Nov 16	Yr. ago
1 Up to 5 years (24)	120.11	+0.03	120.08	1.88	9.83	5 yrs	8.47	8.45	6.01	8.54	8.52	6.25	8.65	8.64	6.38
2 5-15 years (23)	139.65	−0.20	139.93	1.78	11.49	15 yrs	8.49	8.45	6.87	8.60	8.56	7.00	8.85	8.81	7.17
3 Over 15 years (8)	156.31	−0.28	156.75	2.89	10.87	20 yrs	8.46	8.43	6.97	8.60	8.56	7.06	8.74	8.71	7.19
4 Irredeemables (6)	176.51	−0.24	176.93	0.70	13.47	Irred.†	8.51	8.49	7.09						
5 All stocks (61)	137.03	−0.14	137.22	1.97	10.93										

Index-linked							Inflation 5% Nov 17	Nov 16	Yr. ago	Inflation 10% Nov 17	Nov 16	Yr. ago
6 Up to 5 years (2)	186.34	+0.03	186.29	0.84	5.07	Up to 5 yrs	3.93	3.93	2.09	2.67	2.67	1.20
7 Over 5 years (11)	173.84	−0.07	173.96	1.09	4.36	Over 5 yrs	3.85	3.84	3.08	3.65	3.64	2.90
8 All stocks (13)	174.25	−0.06	174.36	1.04	4.41							

Debentures and Loans						5 year yield Nov 17	Nov 16	Yr. ago	15 year yield Nov 17	Nov 16	Yr. ago	25 year yield Nov 17	Nov 16	Yr. ago
9 Debs & Loans (77)	127.80	−0.29	128.17	2.31	9.82	9.63	9.58	7.59	9.59	9.55	7.99	9.55	9.52	8.15

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Nov 17	Nov 16	Nov 15	Nov 14	Nov 11	Yr ago	High*	Low*
Govt. Secs. (UK)	91.52	91.59	91.83	91.22	91.03	103.84	107.04	89.54
Fixed Interest	108.34	108.22	107.92	107.58	107.92	124.15	133.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Nov 16	Nov 15	Nov 14	Nov 11	Nov 10
Gilt Edged bargains	106.3	93.4	75.3	80.3	81.8
5-day average	87.4	83.0	80.4	81.2	82.4

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on November 17

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	87½	87¾	-¼	8.63
Alberta Province 7⅝ 98	1000	98½	98⅞	-¼	8.08
Austria 8½ 00	400	101½	101¾	-⅛	8.12
Bank Ned Gemeenten 7 99	1000	95⅞	96⅛	-⅛	8.08
United Kingdom 7¼ 97	5500	100⅞	101	-¼	6.78
Volkswagen Intl Fin 7 03	1000	93⅞	94⅛	-¼	8.01
World Bank 0 15	2000	20⅛	20⅞	-¼	7.90
World Bank 5⅞ 03	3000	88¼	88¾	-½	7.74
World Bank 8¼ 00	1250	109¼	112½	-⅛	6.54
Abbey Natl Treasury 8 03 £	1000	92	92¼		8.41
Alliance Leics 11⅞ 97 £	100	108	108⅝	-⅛	8.53
British Land 8⅞ 23 £	150	87⅞	88⅜	-½	10.44
Denmark 6¾ 98 £	800	93⅞	94⅛		8.71
EIB 10 97 £	697	103½	103⅞	+⅛	8.17

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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UK GILTS PRICES

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Shareholders urged to reject £391m offer in favour of break-up plan

BFI increases bid for Attwoods

By Peggy Hollinger

Attwoods yesterday described the increased bid of £391m from Browning-Ferris Industries of the US as meagre and cynical, and urged shareholders to reject the offer in favour of the proposed break-up plan.

BFI has nudged up its offer from 109p per share to 116.75p and declared it to be final. It has also promised to pay all investors who tender their holdings the final dividend proposed by Attwoods of 3.25p. The preference offer has been increased by 7p to 92p.

Mr Ken Foreman, Attwoods chief executive, said the break-up plan proposed as the final defence would still return better value to shareholders.

"We will do this by obtaining a full premium for control of three different businesses," he said. "This is in stark contrast to BFI's cynical attempt to take control of Attwoods at the lowest possible price."

Attwoods is expected to publish its formal response to BFI's offer next week and shareholders have until December 2 to decide.

Mr Philip Angell of BFI said the increase would satisfy shareholders' desire for "a little bit more". Investors now had a simple choice: "Pick the cash offer or an extended series of hurdles." Under the break-up plan, shareholders would have to wait for Attwoods to get through the hurdles "before they get anything – if they get anything at all."

The market view in London was that BFI had finely judged the increased offer. "I think now it will be an uphill struggle for Attwoods," said Mr Nigel Hawkins of Hoare Govett. "The break-up was very much seen to be a last card, perhaps too little, too late."

However, Mr Robert Miller-Bakewell of NatWest Securities thought it might have been too finely tuned. "If it had been $10 per ADR it would be all over," he said. "BFI may have misjudged it slightly."

Institutions, who were last week critical of Attwoods' break-up plan but still demanding a higher offer, had pressed BFI to alter the bid. They are thought to have wanted 100 per cent of the proceeds from the sale of German businesses.

As the offer stands, shareholders – excluding Laidlaw of Canada, which has agreed to sell its 29.8 per cent to BFI under the original offer terms – will receive 80 per cent of the German proceeds.

However, it is thought that the Takeover Panel insisted that BFI retain 20 per cent to guarantee that it would seek the best price.

The increased offer and dividend payment represent $9.44 per American Depositary Receipt, equivalent to five ordinary shares.

Attwoods' shares closed in London down 1p at 118p.

Black dares Murdoch to end war

By Raymond Snoddy

Mr Conrad Black, chairman of The Telegraph group, yesterday challenged Mr Rupert Murdoch, chairman of News Corporation, to end the UK's national newspaper price-cutting war.

Mr Black, who was in Melbourne for the annual meeting of John Fairfax, a Daily Telegraph associate company, said: "He started the war, he can finish it."

The Telegraph chairman was speaking as the UK group announced a £2.6m operating loss for the third quarter, on turnover of £53.9m. The period felt the full effects of the 18p cut in the price of the weekday Daily Telegraph to 30p to compete against the 20p Times.

The pre-tax profit for the quarter, including interest payments, was £3.6m, compared with £10.6m last time.

Mr Stephen Grabiner, managing director of The Telegraph, said yesterday: "When we made our price cut it was to defend our market position and to try to grow our young readership. We have done both."

Circulation had increased by between 90,000 and 100,000 to about 1.08m. The company said that from April to September readership among 25 to 44 year-olds had increased by 29 per cent on the comparable period. The Times, now selling more than 614,000, had increased its proportion of older readers, Mr Grabiner added.

For the first nine months group turnover was £190.2m (£188.3m) and pre-tax profits fell to £33.9m (£45.2m).

Earnings per share dropped from 22.5p to 17.7p.

The company said yesterday that the third quarter operating loss had been caused by a redundancy programme.

Newspaper advertising revenue had increased by 12.5 per cent.

"Reasonable levels of operating profitability will be sustainable, even in a prolonged period of low cover prices," The Telegraph said. The outlook for the company overall remained "quite positive" helped by support from overseas and other associated companies.

A stake in Carlton Television, the London weekday ITV company, was sold for £10m, representing a capital gain of £6.6m which was *not* included in the interim profits.

Mr Derek Terrington, media analyst at Kleinwort Benson, said yesterday he had reduced his full-year forecast for The Telegraph by £4m to £43.5m.

The share price, which reached a high this year before the price cut of 625p, fell 5p to 337p yesterday.

Kingfisher to dispose of non-core Charlie Browns

By Peter Pearse

Kingfisher, the retailing group encompassing Woolworth, B&Q, Comet and Superdrug, announced yesterday it had decided to sell Charlie Browns Autocentres, the automotive repair and aftercare retailer.

Mr Nigel Whittaker, Kingfisher corporate affairs director, said the announcement was to "avoid leaks", and the decision was taken because the business was not core. Kingfisher bought the 42-outlet Charlie Browns chain in April 1987 and since then had expanded the business to 79 outlets with turnover of "just under £50m". Mr Whittaker said that when the group had been asked about Charlie Browns' profits, the answer had always been: "a modest contribution".

Founded in Shipley, West Yorkshire, Charlie Browns is spread across the north and Midlands.

Mr Whittaker said that in the mid-1980s, Kingfisher had been looking for out-of-town opportunities along the lines of B&Q. It tried Homecentres for furniture and Autocentres for motor parts and servicing. Charlie Browns was bought to bring the servicing expertise necessary. The motor side was modelled on the The Pep Boys, a US business resembling a blend of Halfords and Kwik-Fit.

In August, Mr Bill Bailey left B&Q, where he had been carrying out a strategic review, to head Charlie Browns. He would be advising on the sale, said Mr Whittaker.

Eurovein priced at 141p gives £23m valuation

By Andrew Baxter

Dealings in shares of Eurovein, the Sheffield-based specialist engineering concern, begin next Thursday following the announcement yesterday of listing particulars for a placing to raise £13.55m, net of expenses.

The 10.1m new shares being placed with UK institutions, at a price of 141p, will represent 61.2 per cent of the enlarged share capital, and give Eurovein a market capitalisation of £23.2m.

The deal is an encouraging sign of UK institutions' continued interest in manufacturing, in a market that has not been easy for flotations. Eurovein has interests ranging from shotblasting equipment to filtration and machine knives, and operations in the UK, Germany and Italy.

Mr Bill Eastwood, chief executive, said the placing required a lot of work from brokers Albert E Sharp, but there was no point where it looked to be at risk. It was also reasonably priced at a multiple of 11 times last year's pro-forma earnings.

Eurovein had operating profit of £2.6m (£1.6m) in the year ended July 31.

The company, whose businesses represent a reconstituted version of the old quoted concern WA Tyzack, will use the placing proceeds to reduce significantly its gearing, and provide the flexibility to enhance some of its existing businesses through investment or acquisition.

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Barclays in £300m preference buy-back

By John Gapper, Banking Editor

Barclays Bank yesterday became the latest company to reduce excess capital by announcing that it would buy back $500m (£300m) of non-cumulative preference shares. The move follows Boots' £500m buy-back of ordinary shares earlier this week.

Barclays, which has already redeemed $700m and DM250m (£100m) of bonds that formed part of its total capital base, had to gain Bank of England approval for the preference share redemption because it will cut the bank's core capital ratio.

The bank has been accumulating capital without a large rise in its assets because of limited loan demand. It has also just sold its US asset-based lending operation to Shawmut National Corporation for a premium of $290m over book value.

The preference share redemption and bond repayments will together reduce its £10.5bn of capital by £879m. It will also match its capital with assets better in currency terms, since it has been selling retail banking assets in the US.

The move would have reduced its capital to risk asset ratio at the half-year to 10.1 per cent rather than 11.1 per cent, while the tier 1 ratio of core capital to risk-weighted assets would have been 6.6 per cent rather than 7 per cent.

The bank said it would pay a £17m premium for redeeming the preference shares. This would be borne in this financial year along with the £63m cost of redeeming bonds, and attributable earnings would rise by about £30m a year from 1995.

Mr Oliver Stocken, finance director, said that the bank had primarily been motivated by matching its dollar capital to its dollar assets. "As we have run down the US retail business, we have had a surplus dollar capital position," he said.

Further inflow of capital gives boost to Lloyd's

By Ralph Atkins
Insurance Correspondent

The flow of extra corporate capital into Lloyd's of London accelerated yesterday when two new quoted companies announced they had raised a total of nearly £40m and a third said it hoped to find £30m in the next week.

However, the boost to Lloyd's efforts at increasing corporate investment was marred by the failure of Wellington Underwriting, whose share placing was delayed several times, to reach its £30m target.

Wellington is the first "dedicated" company – investing only in syndicates run by one managing agency and, in effect, an embryonic insurance company – to obtain a UK market listing.

Mr Anthony Cooper, chief executive of the Wellington managing agency, blamed the unsettled state of the UK new issues market for disrupting its plans. But the failure of Lloyd's ruling council to approve new rules on corporate investors buying shares in each other prevented Wellington raising an extra £4m-£5m.

Wellington managed to raise a total of £17.25m via a placing, including contributions from the US and Germany.

The new Lloyd's companies have not been helped by the lacklustre share performance of similar investment vehicles launched last year.

However, Euclidian, another new quoted company, raised £20m for a range of Lloyd's syndicates. Euclidian's attractiveness to investors was enhanced by an innovative risk-sharing agreement with Centre Re, the Bermuda reinsurance subsidiary of Zurich Insurance, which will allow Euclidian to underwrite insurance policies paying premiums of £80m, four times the gross capital raised.

Separately, Kiln, one of the largest managing agencies at Lloyd's, launched a pathfinder prospectus for Kiln Capital, another dedicated company, which it expects to be listed in London. It plans to raise up to £30m via a placing and offer to some Names on Kiln syndicates.

Kiln Capital plans to invest exclusively in Kiln syndicates and hopes to tempt investors by offering the prospect of higher returns than the market average. Mr Andrew Fleming-Williams, a Kiln director, said: "We have been consistently better in the past and we will try very hard to continue to do that."

Head Insurance Investors, an affiliate of John Head, the New York merchant bank, has agreed to subscribe to about 10 per cent of Kiln Capital ordinary shares.

Kiln has set next Thursday as impact day with dealings expected to start a week later.

Clydesdale and Yorkshire banks carry lower provisions

By James Buxton and Alison Smith

Clydesdale Bank, Scotland's third largest clearing bank, increased pre-tax profits by 24 per cent to £110.7m in the year to September 30.

The result, another record for the Glasgow-based institution, benefited from a £16.8m reduction to £21.5m in provisions for bad and doubtful debts.

Operating profit before charging for bad debts was £132.2m (£127.6m).

Mr Frank Cicutto, who became chief executive in January on the death of Mr Charles Love, said corporate lending fell because companies were reducing borrowing and accelerating repayments.

Mortgage lending increased 14 per cent and now represented 35 per cent of the total lending.

Yorkshire Bank which, like Clydesdale, is owned by National Australia Bank, reported a smaller rise in pre-tax profits to £137.3m (£131.7m), though it too benefited from a sharp fall in provisions to £42.6m (£68.4m).

Net interest income fell by just over £20m to £256.3m, though Mr Tom Gallagher, chief executive, said this largely reflected a change in accounting for loans made before 1991. There was, however, a more encouraging rise in non-interest income to £122.3m (106.7m).

An increase in operating expenses to £198.7m (£182.8m) – mostly from investment in projects such as moving processing out of branches – affected Yorkshire's cost-income ratio, but at 52.5 per cent it is still one of the better examples in the sector.

During the year Clydesdale largely completed a major reorganisation of its branch network, removing processing work from its 350 branches and creating three processing centres.

Because of investment in reorganisation, Clydesdale's cost income ratio fell only marginally from 60.8 per cent to 60.3 per cent, having been 64 per cent two years ago.

Total assets were £6.0bn (£5.56bn).

Asprey gets support from bankers

By Peter Pearse

The Bank of Scotland yesterday announced "at Asprey's request" that the upmarket jeweller and its management "enjoy the full confidence and support of the bank and that the agreed facilities remain fully available to the company".

This was in response to a report in the Mail on Sunday that Asprey was in potential default of the facility and might face receivership. Mr Naim Attallah, chief executive, said that the bank could not appoint a receiver anyway as the £20m loan facility was based on an unsecured pledge.

Yesterday the bank said: "No event of default has existed at any time during the currency of the facility; and the management of the company has not misled or sought to mislead the bank."

DTI looks into fall in Aerostructures shares

By David Blackwell

The Department of Trade and Industry is looking into the collapse in Aerostructures Hamble's share price, according to a letter to a Labour MP.

Mr Jonathan Evans, corporate affairs minister, says in the letter that "officials are currently considering the various press reports and information available from other sources which might enable them to determine whether or not further action should be taken."

Aerostructures was floated at 120p a share in June. Last month it issued a second profits warning following production difficulties.

The shares, which closed at 26p yesterday, fell to 24p.

Mr John Denham, MP for Southampton Itchen, wrote to Mr Michael Heseltine, the trade and industry secretary, last month calling for a DTI inquiry into the flotation of the Southampton aircraft components maker.

Mr Evans' reply said the whole affair raised "a number of apparently serious issues – two of which you identify in your letter – and in studying the available information my officials are taking full account of your, and your constituents', legitimate concerns."

Mr Denham's letter said that the company's employees, many of whom live in his constituency, were worried about the implications of the share collapse for the future of the company.

They were also concerned that it could happen so soon after the flotation, which had left several directors with substantial personal profits.

Yesterday Mr Denham said he hoped the DTI would quickly establish whether there were grounds for further action. While the first concern should be to see the company build a successful future, legitimate questions had been raised by the share collapse.

It was "in everyone's interests to have the matter resolved."

Aerostructures is still seeking a new chief executive to replace Mr Andy Barr, who accepted early retirement without compensation.

Mr Barr made £1.75m from the flotation.

Arthur Shaw advances 65% to £402,000

Arthur Shaw & Company, the USM-quoted builders and engineering products supplier, reported pre-tax profits ahead 65 per cent to £402,000 for the 26 weeks to October 2, against £243,000. Turnover rose from £9.85m to £10.3m.

The company also said it had sold part of Jackdaw (Tools) to its management for a net asset determined sum not exceeding £537,700. Jackdaw incurred pre-tax losses of £281,000 in the year to April 3 1994. The Shrewsbury engineering services and tools division is being retained.

Earnings per share were 0.77p (0.46p) and the interim dividend is raised from an adjusted 0.125p to 0.2p.

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NEWS DIGEST

Receivers in at Beckenham

Receivers called in yesterday to Beckenham Group, the heating and ventilation engineer, said the group had outstanding liabilities of about £8m. The receivers were appointed by Tapul SA, a Panama-registered group, which has a 39.8% stake in the group.

The receivers, Mr Peter Spratt and Mr Michael Gercke, both partners at Price Waterhouse, said the bulk of the liabilities were to trade creditors.

The group's outstanding bank debt was replaced after a rights issue and placing which was completed in March.

Five of the group's specialist subsidiaries were to continue trading and be sold as going concerns. Beckenham Ductwork, the ductwork engineer and contractor which employs 200 of the group's 260 employees, had been put into receivership.

Fulcrum Investment

Fulcrum Investment Trust reported a fall in net asset value per capital share to 47.09p at October 31, against 63.12p a year earlier and 58.38p at the end of April.

Net asset value per income share was 3.68p (2.46p at October 31 1993 and 1.44p at April 30) and 129.94p (117.04p and 123.26p respectively) per zero preference share.

After-tax revenue for the six months to the end of October rose from £497,467 to £565,353 and earnings per income came through at 5.03p (4.43p). A second interim of 1.4p makes a same-again 2.8p to date.

Glasgow Income

Glasgow Income Trust had a net asset value per share of 45.29p at September 30 against 47.68p a year earlier.

Net revenue for the year improved from £831,000 to £894,000 for earnings per share of 2.93p (2.81p). An unchanged final dividend of 0.95p holds the total at 2.75p.

York Waterworks

York Waterworks raised turnover by 5 per cent from £3.92m to £4.1m in the six months to September 30 and pre-tax profits moved ahead by 9 per cent from £1.41m to £1.55m.

Mr Richard Stanley, chairman, said this progress was expected to be maintained in the full year, although seasonal factors would again result in the second half performance not being as strong as the first.

Earnings per share were 1p higher at 16.7p and the interim dividend has been stepped up to 3.55p (3.3p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
ACT	int	1.75	Jan 6	1.75	-	5.25
Carr's Milling	fin	5	Jan 27	3.3	6.2	4.3
Clyde Blowers	fin	3†	Jan 12	2.67	4.5	4
FKI	int	2	Feb 6	1.5	-	3.7
Fulcrum Inv	int	1.4☆	Dec 30	1.4	-	8.66
Glasgow Income	fin	0.95	Feb 28	0.95	2.75	2.75
Grampian TV	int	2	Jan 16	1.5	-	7.5
Locker (Thomas)	int	0.2	Jan 3	0.2	-	0.4
M&G Income Inv	int	1	Jan 20	1	-	4.9125
Meyer	int	4.2	Feb 3	4.2	-	10.8
National Power	int	4.35	Jan 10	3.75	-	12.5
Ports & Sund	int	3.51	Dec 30	3.12	-	10.64
600 Group	int	0.5	Jan 12	0.5	-	1.5
Scapa	int	1.7	Feb 3	1.65	-	5.88
Shaw (Arthur) §	int	0.2	Jan 20	0.125♥	-	0.5♥
Whitbread	int	5.35	Feb 3	5	-	18.8
Willis Corroon	fin	1.65	Jan 3	1.65	6.6	6.6
York Waterworks	int	3.55	Jan 24	3.3	-	10

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♥Adjusted for sub-division and scrip issue. ☆ Second interim making 2.8p to date.

Analysts remain cautious despite better than forecast increase

Whitbread rises to £183.6m

By Roderick Oram, Consumer Industries Editor

Whitbread opened the brewers' reporting season yesterday with a sharper profit rise than forecast, thanks to strong gains in premium lagers and cask ales among its drinks, and in pubs and restaurants on its retailing side.

Pre-tax profits rose by 8 per cent from £132.3m to £143.1m in the six months ended August 27, or to £183.6m including exceptional gains, largely from selling most of its stakes in regional brewers. Turnover edged up 3 per cent to £1.22bn (£1.19bn).

Whitbread's success was considered untypical, however, and analysts remained cautious ahead of results from other brewers. Whitbread has the best exposure to fast growing market segments such as *premium lagers, stout* and cask ales. These represent about 40 per cent of its beer sales against less than 20 per cent for Bass, the largest brewer.

The *industry suffered* a 1.7 per cent fall in on-trade beer volumes in the six months to August from a year earlier, but Whitbread's was flat. Off-trade sales were up 5.9 per cent but Whitbread's rose 11.8 per cent.

"Beer is a core business. It is *one where we can grow profits* and we intend to go on doing so," Sir Michael Angus, chairman, said.

His bullish comments and the company's expressed interest in using its ungeared balance sheet to further its expansion left *analysts expecting* deals in due course. He declined to comment, however, on whether Whitbread was *interested* in buying Courage from Fosters.

Operating profits from beer rose 5 per cent to £27m (£25.8m). Beer volume was up 3 *per cent overall but sales rose* only 1 per cent at £451.7m, indicating Whitbread faced competitive pricing in off sales.

Pub operating profits were £59.3m (£53.9m) on sales of £295.3m (£275.2m). Food and drink margins were flat,. but *food sales were up 19 per cent*, accounting for about 25 per cent of pub turnover, about double the industry average. Whitbread said it plans to sell its 750 free houses.

Restaurant and leisure profits were £30.9m (£28.4m) on *sales of £544.9m (536.5m)*.

The interim dividend rose 7 per cent to 5.35p (5p). Earnings per share were 30.09p (19.96p) including exceptional gains, or 21.62p (19.24p) without.

● **COMMENT**

A few years from now, more *brewers might look like Whit*bread: strong in briskly growing beers and nimble in pubs and off-licences. Yet Whitbread needs to learn some of its competitors' tricks. Bass's beer margins are about 9¾ per cent against Whitbread's 6 per cent. *Meanwhile, there is plenty of* momentum to push full-year pre-tax profits to about £260m before exceptionals for earnings of 39.2p a share and a prospective p/e of 14. This is broadly in line with the sector but a little caution is called for *until Whitbread spells out its* beer expansion.

Bourne End in US link to buy £71m portfolio

By Simon London

Bourne End Properties has *formed a joint venture with* the Whitehall Fund, a US property investment fund managed by Goldman Sachs, to buy a £71m portfolio.

The venture will be 25 per cent owned by Bourne End and 75 per cent by Whitehall, *which has assets of* $2bn (£1.2bn) but only recently started investing in the UK.

Bourne End is placing 5.4m shares at 74p each to raise £4m – its maximum capital commitment under the deal. The rest of the consideration will be met *from* equity committed by Whitehall and a £58.5m term loan.

The portfolio of 45 office and retail properties, mostly located in London and the south-east, is being acquired from William Pears Group, a *privately owned* property investment company.

The properties generate rental income of £7.2m, suggesting a yield of about 10 per cent at the acquisition price. Bourne End said it hoped rents could be increased to £7.6m within the next year as a result of reviews and letting of vacant space.

Bourne End will receive 25 per cent of profits and a *management* fee.

The partners intend to liquidate most of the portfolio over the next three years. Whitehall's investment style is based on active trading of its assets, which it typically holds for less than 10 years.

After three years, Whitehall has an option to sell its stake in the joint venture to Bourne End or buy out the minority interest.

Mr David Roberts, a director of Bourne End, said it had looked at buying assets from William Pears earlier in the year, but concluded that it needed a partner.

National Power drops to £211m after exceptional

By Simon Davies

National Power, the electricity generator, reported pre-tax profits for the six months to September 30 down from £256m *to £211m*.

However, this included a £30m exceptional write-off, representing the premium paid from the redemption of a £350m debt issue. The 1993 figure was also boosted by a £45m write-back of provisions.

Before exceptional items profits rose by 14 per cent, from £211m to £241m, on a 7 per cent increase in turnover to £1.67bn (£1.56bn).

The company said that continued reductions in staff and maintenance costs were *responsible for the growth* despite a continuing decline in market share.

Increasing competition from the independent power companies and Nuclear Electric led to a fall in market share from 35 per cent in the year to *March 1994, to 32 per cent* in the half year.

The dividend is increased by 16 per cent to 4.35p (3.75p), disappointing some analysts who had seen PowerGen *increase* its dividend by 27 per cent, on a 9 per cent rise in pre-tax profits. Earnings per share amounted to 12p (16.1p).

John Baker: believes rail costs for coal could be halved

Increasing revenues came from direct sales to large consumers, which more than dou*bled to £276m. Sales to the* regional electricity companies, via the pool, showed a marginal decline.

The company continued its cut-back programme, reducing *staff by 22 per cent to 5,667* during the past year, and staff costs fell from £109m to £93m.

Mr John Baker, chief executive, expects the head count to fall to 5,200 by next March. Maintenance costs should also continue to decline, from the switch towards more modern and efficient power stations.

National Power benefited from a further running down of its coal stocks, towards a *year-end figure of less than 5m* tonnes, compared with the current 9m tonnes.

However, there was a 37 per cent increase in depreciation charges to £182m, following the commissioning of a new gas power station and de-sulpheris*ation plant*.

Mr Baker reckoned National Power could halve its rail costs for transporting coal, currently amounting to about £130m a year. It has invested in its own locomotive, and has started discussions with Railtrack.

The international operations, in the US and Portugal, contributed £4m profit, with Portu*gal making a maiden contribu*tion.

Ascot restructures for second time in 18 months

By Christopher Price

Ascot Holdings, the property, pubs and hotels group, yesterday unveiled *a second financial* restructuring in 18 months as its half-year results showed negative shareholders' funds of £25.7m.

The group, formerly known as Control Securities, is to restructure around £164m of group debt. This will involve the issue of new shares to raise £27.3m, together with the conversion of preference shares, an offer to bondholders and *settlement of claims* by Bass, BCCI and Salomon Brothers.

The effect of the proposals will be to create shareholders' funds of between £51.8m and £61.6m. *This represents a pro* forma net asset value of between 188p and 223p per new ordinary share.

More than 27m shares are being placed at 150p, with a 49-for-1000 clawback. The new shares represent 66.9 per cent of the enlarged share capital. Existing shareholders will hold a further 13.4 per cent with the remainder being taken up by shares issued to Bass, BCCI and preference *shareholders*.

The existing shares are being consolidated on a 100-for-1 basis. The shares yesterday closed down ¼p at 1½p.

Ascot has also agreed new banking facilities totalling £71m and a mezzanine finance agreement worth £15m.

The board warned sharehold*ers and bondholders that the* company faced "a very uncertain future" should the proposals be rejected.

The half-year results to the end of September show the group moving from losses of £555,000 into profits of £2.1m. However, operating profits fell 22 per cent to £7.78m (£9.97m). Turnover fell 34 per cent to *£32.2m (£48.9m)*.

Earnings per share were 0.2p against losses last time of 0.6p.

Ascot's problems first came *to light* three years ago, when the Serious Fraud Office investigation into BCCI led to charges against Mr Nazmu Virani, who subsequently resigned as chairman and chief executive of Control Securities.

Brockhampton advances to £3.77m

Pre-tax profits at Brockhampton Holdings, the parent of Portsmouth Water, rose from £3.43m to £3.77m in the six months to September 30, *though it said that the second* half might be weaker than the first.

The *shares* fell 10p to 373p yesterday.

Turnover advanced to £13.8m (£12.7m), reflecting the 3.4 per cent overall *rise* in charges and a one-off increase in measured revenue arising from the switch to monthly billing of large commercial customers.

The pre-tax figure would *have been greater but for the* costs of upgrading computer equipment committed in late-1993 and by a front-loaded mains renewal programme. The *company said this would* be less severe in the second half.

Earnings per share emerged at 31.3p (30.5p) and the interim dividend is held at 3p.

RJB projections in support of bid

These are among the figures being issued by RJB Mining in City *presentations to support* its £914m bid for the three English regions of British Coal, writes Michael Smith.

The company has been chosen as preferred bidder by the government which wants to hand over the assets, including *15 deep mines, on December 24*. RJB has told investors the projections are not intended as a forecast of the eventual outcome.

Pro-forma Net Assets

	Estimated (£m)
Fixed assets	680
Current Assets	
Stocks	314
Debtors	94
Pre-payments	12
Total Assets	1,100
Liabilities	
Provisions	155
Creditors	14
Deferred tax	29
Total liabilities	198
Net Assets	902

Financial Projections

Year end Dec 31

(£m)	95	96	97	98	99	Total
Turnover	1,244	1,276	1,258	1,218	1,238	6,234
Costs	1,073	1,052	1,029	1,033	1,031	
Profit before interest and taxation	171	224	229	185	207	1,016
Pro-forma net interest	(55)	(36)	(18)	1	13	
Profit before taxation	116	188	211	186	220	
*Operating cash flow**	255	278	292	269	261	1,355
Cumulative cash flow*	255	533	825	1,094	1,355	

*Before interest, dividends and taxation NB Projections exclude results for the existing RJB Group

Key Assumptions

	95	96	97	98	99
Volume sold (*million tonnes*)	35.3	35.7	34.7	34.1	33.8
Volume produced (mt)	33.4	34.4	33.6	33.6	35.2
Ave selling price/GJ (*today's prices*) (£)	1.43	1.40	1.38	1.32	1.32
Ave cost/tonne (£) (incl. overheads and inflation)	30.4	29.5	29.7	30.3	30.5

Inflation: 3 per cent a year

Market Requirements for Coal*

	Conservative Case Mar 31 2000	Favourable Case Mar 31 2000	RJB Projection Dec 31 1999
ESI	27.1	43.0	
Industrial	6.4	8.5	
Domestic	2.0	3.0	
Total	35.5	54.5	33.8

*Million tonnes

Advertising revenue aids Grampian TV

Increased advertising revenue and reduced costs helped Grampian Television, the independent broadcaster for north Scotland, to increase interim pre-tax profits by 17 per cent from £1.55m to £1.81m.

An exceptional item of £340,000 represented Grampian's *share of start-up costs* associated with Scot FM, the central Scotland radio station launched in September.

Mr Calum MacLeod, chair*man, said yesterday that other* significant contributions came from the hire of facilities, the news service contract with GMTV and funding from the Gaelic Television Committee for a range of programmes.

Sales in the half-year to August 31 rose to £10.1m (£9.87m). Operating expenses took £7.77m (£8.16m). The channel 3 licence payment was £366,000 (£360,000).

The increased interim dividend of 2p (1.5p) is designed to reduce the disparity with the final. Earnings per share came through at 8.8p (7.4p).

Property profits help Clyde Blowers to double

By James Buxton, Scottish *Correspondent*

Clyde Blowers, the expanding materials handling equipment company, reported pre-tax profits more than doubled at £521,000, against £205,000 in the year to August 31. There were *£603,000 of exceptional profits* this time, against £515,000.

At the operating level losses were reduced from £269,000 to £92,000 on turnover which rose *to £16.9m* (£7.4m).

A long-established quoted engineering company, Clyde has been transformed since Mr James McColl bought 29.9 per cent in 1992 and became executive chairman.

Its last purchase was Simon-Macawber, a maker of pneumatic pressure and vacuum conveyancing equipment, in April from Simon Engineering. It now forms Clyde Pneumatic Conveyancing and accounts for 65 per cent of turnover, which *is expected to reach £27m* in a full year.

The exceptional profits included a gain of £593,000 on a property sale and investment income from property of £120,000.

A final dividend of 3p (2.67p) is proposed making a total of 4.5p (4p) from earnings per share of 5.98p (4.69p).

Graseby postpones US flotation

Graseby, the instruments group, has postponed indefinitely the flotation of Graseby Andersen *in the US*. The company blamed weakness in the US environmental market and unfavourable stock market.

The costs of £900,000 will be *written off in the 1994 results.*

The company also announced the sale and leaseback of a property in Florida for $4.7m (£2.86m), giving a profit of about £1.3m.

For the nine months to September 30 it reported static sales with increases in medical and product monitoring offsetting falls in technology.

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18 November 1994

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London – 28th November 1994

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Partner, BDO Stoy Hayward
Member, Financial Reporting Council

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FKI falls 15% and takes lead on FRS 7

By David Wighton

FKI, the acquisitive engineering group, became one of the first companies to adopt the new FRS 7 accounting standard when it reported a 15 per cent decline in interim pre-tax profits from £22.1m to £18.7m, after an exceptional charge of £12.4m.

There was also a £1m provision for reorganisation at Rhombus, the German caster manufacturer acquired for £26m in June. Under FRS 7, which comes into force for accounting periods starting next month, provisions relating to acquisitions must be taken against profits rather than relegated to the balance sheet.

Mr Jeff Whalley, chairman, said: "The new standard does make things clearer and we hope to get some credit for adopting it early."

In spite of the Rhombus provision, the figures were in line with City expectations and the shares closed 6p higher at 168p.

Turnover for the six months to September 30 was £377.7m (£350m), including £13.7m from acquisitions. The exceptional charge relates to goodwill previously written off against reserves, on the sale of three businesses to Wellman in July.

Earnings per share 2.03p (3.52p) or 4.8p excluding the exceptional charge. The dividend is up a third to 2p.

Excluding acquisitions, operating margins from continuing businesses topped the 10 per cent target set in 1992. The shares have underperformed recently on worries that following the sharp improvement in margins, further profit growth would be more difficult.

Operating profits rose by £10.8m to £36.6m of which £8.5m came from Truth, the US window and door hardware manufacturer acquired for £66.5m a year ago.

Truth, which makes almost three-quarters of its profits in the first half, boosted the hardware profits to £20.8m (£7.9m) on turnover of £135.7m (£72.9m).

Of the other divisions, materials handling profits were slightly down, due to delayed orders which will benefit the second half, and automotive showed continued recovery from a low base.

However engineering profits fell almost £3m to £4.26m due to problems at Bristol Babcock. It is being reorganised after failing to replace some large power station instrumentation contracts in Kuwait.

● COMMENT

Now that FKI has achieved its margin target, helped by its success in pushing up prices, the City has started to worry about where the growth comes from next. Rumours that it was planning a rights issue to fund an abortive acquisition also unsettled the shares which have underperformed the market by a fifth since March. Even so, assuming profits of £85m in the year, the shares are on a multiple of almost 17. The rating fully reflects the achievements to date and the quality of the management team.

600 Group back with £2.47m

By Andrew Baxter

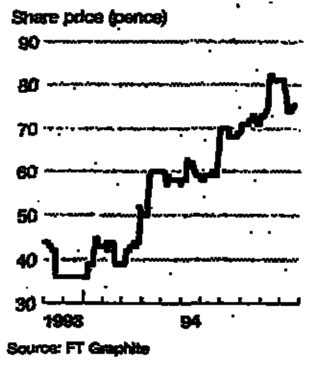
New products and improved market conditions – especially in North America – helped 600 Group return to the black in the year to September 30, with pre-tax profits of £2.47m, against a £1.6m loss previously.

But the machine tools and mechanical handling group said it was determined to maintain a cautious dividend policy "for the time being," and the interim payout is held at 0.5p.

Turnover rose 23 per cent to £55.3m (£44.9m), and the pre-tax profits include a credit of £1.4m (£1.3m) related to the actuarial valuation of the UK pension scheme. The underlying improvement in operating profit is £4m.

Prof Michael Wright, chairman, said the strategy of focused market and product development, combined with managed reductions in the operating cost base, was paying off.

600 Group



Source: FT Graphite

The decision to target the North American market, supported by the acquisitions of Lakeshore Machine Tools, KTS Industries and, more recently, United Machinery Sales of Indianapolis, had proved propitious.

US sales rose 40 per cent on the comparable period.

New products, especially the Tornado CNC lathe and the Scriba laser marker, had been received favourably and further products were in the pipeline.

The two main divisions both achieved substantial turnrounds. On turnover of £35.8m (£28m) machine tools had pre-tax profits of £2.3m (£613,000 loss). Mechanical handling moved from a £540,000 loss to a £560,000 profit, on turnover of £13.7m (£12.3m).

The company's cautious approach to the dividend is partly explained by the outlook. Although Prof Wright expected further improvements in group performance, he said European markets remained sluggish.

The UK was experiencing a slow improvement as economic confidence increased, but the German market remained depressed. No big improvement in European conditions was expected before the middle of next year.

Earnings per share were 3.8p (3.8p losses).

Barratt chief hits out at government

By Gary Evans

Sir Lawrie Barratt, the chairman of Barratt Developments yesterday hit out at government policies, including an increase in interest rates, which he said had "introduced an element of caution and uncertainty which is undermining the recovery of the housing market."

Sir Lawrie used the group's annual meeting to attack the government's recent budget record of substantially eroding mortgage tax relief. He went on to accuse it of adding to the cost of home ownership with the reintroduction of Stamp Duty and hit out at the "petty measure" last November of applying Stamp Duty to those who require the assistance of builders' Part Exchange schemes.

"The government should accept that a strong and stable housing market is crucial to the recovery of the economy and call an immediate halt to any further increases in interest rates or further erosion of mortgage tax relief," he added.

Sir Lawrie, who came out of retirement three years ago after the group began to incur heavy losses, said "the housing market is in need of some pro-active initiatives from the government and no further negative measures."

In September, Sir Lawrie reported a 72 per cent jump in pre-tax profits to £35.2m for the year to June 30. Turnover was up 23 per cent at £498.9m.

Yesterday, shareholders were told that sales volume in the first four months of the current year was holding up at 16 per cent, which was fully in line with the group's three-year growth plan.

The shares fell 6p to 173p.

● Shares in Raine, another housebuilder, also dropped – by 4p to 47p – as Mr Peter Parkin, chairman, warned at the AGM that achieving profits growth this year would be more difficult than last. Short-term trading difficulties would particularly affect interim figures and result in a greater proportion than usual of profits being earned in the second half, he said.

Signs that overcapacity in paper industry is receding

Scapa at £23m amid pressure

By Andrew Bolger

Scapa Group, the industrial materials company which mainly supplies paper makers, said yesterday that overcapacity in the paper industry was receding, but cautioned against over-optimism on prices.

Pre-tax profits rose by 3.6 per cent to £23m (£22.2m) in the six months to September 30, on sales up 10 per cent to £205m (£187m). However, the group said that market pressures had reduced sales and profits from the paper side of its business.

Mr Harry Tuley, chairman, said: "The overcapacity situation which has been a feature of the paper-making industry in recent years appears to be coming to an end. Operating rates at paper mills are rising and output volumes are increasing at a faster rate than last year.

"The engineered fabrics division, which has continued to gain market share throughout the period, is in an excellent position to take advantage of the improving prospects. Current order books are strong and we are looking to the future with increasing optimism."

However, Mr Tuley added that the changing structure of the paper and board industry and the introduction of corporate and partnership sourcing for paper machine clothing would continue to keep the pressure on supplier prices.

Because of these pressures, it was restructuring its engineered fabrics business outside of the UK. A reorganisation charge at the full-year stage is expected to be below £5m, but the group said the resulting improvement in profitability would produce an early pay-back.

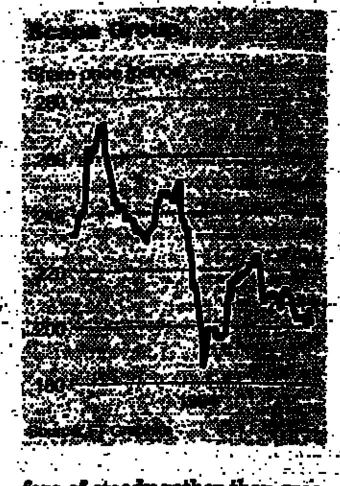
Considerable progress had been made in expanding the other businesses – such as speciality tapes and filtration products – which increased operating profits by 50 per cent over the period. The non-paper businesses now account for 32 per cent of operating profit, compared with 23 per cent at the same stage last year.

Mr Tuley said the speciality tape business was performing particularly well. Synergy from French and Italian acquisitions was enhancing growth.

Earnings grew marginally to 6.2p (6.1p), while the interim dividend rose to 1.7p (1.65p).

● COMMENT

After four hard years, Scapa is at last seeing orders for new paper machines and some increases in prices for the rollers and fabrics which it supplies to papermakers. But the group stressed that the recent bounce in paper prices would not directly affect its profitability – not least because the long-term relationships which it has forged with the industry preclude making a quick killing as soon as the cycle turns. Although these figures were depressed by several one-off factors, the prospect is therefore of steady rather than spectacular profits growth. It is for this reason that Scapa wants to plough its cash into less capital-intensive areas such as speciality tapes and filtration. Disregarding the £5m restructuring charge, the shares – down 5p yesterday at 200½p – are trading on a prospective market average multiple of 14.4, which seems fair.



Recovery continues at Regalian

By Simon London

Regalian Properties, which specialises in converting office and industrial buildings into apartments, said yesterday that it had sold two developments to east Asian investors during the last six months and was close to concluding negotiations on a third.

In the half year to September 30, Regalian made pre-tax profits of £799,000 against losses of £869,000.

Turnover fell from £50.1m to £16.3m as the company neared the end of its disposal programme of mass-market homes. Mr Bob Perdeaux, finance director, said the remaining portfolio would be sold by the end of the financial year.

Net debt has been reduced from £13m to £2m as a result of disposals and interest charges fell from £2.1m to £168,000 in the period. Administration expenses were reduced to £1.25m (£1.5m). Earnings per share were 0.68p against losses of 0.74p.

Proceeds on the sale of the two developments in London's West End were not included in yesterday's figures because Regalian does not recognise profit of disposals until completion.

Mr David Goldstone, chairman, said that the interest of east Asian buyers in individual properties and whole developments was encouraging. "The buoyancy of the central London market and the very keen interest on the part of international purchasers bodes well for the future," he said.

Regalian has two joint venture developments with the Sincere Group of Hong Kong, including the conversion of a former office block on the south bank of the River Thames, opposite the Tate Gallery, into apartments. It is also converting warehouses in Camden Town and Docklands and a former hospital in Oxfordshire.

Mr Goldstone said the company still had unused credit lines and its relationships with joint venture partners would allow it to undertake substantial projects. Earlier this year Regalian made an unsuccessful bid of almost £20m for the former Royal Brompton Hospital in central London.

Regent shares rise on upbeat statement

Shares in Regent Inns, the public houses and hotels group, rose 15p to 291p yesterday following an upbeat statement from the chairman at the annual meeting.

Mr Patrick Moorsom said sales in the first 19 weeks of the present year were ahead 43 per cent, including acquisitions. On a like for like basis, there was a 9 per cent increase.

Carr's Milling expands 31%

Improvements in all areas of its business helped Carr's Milling Industries to raise pre-tax profits by 31 per cent in the year to September 30.

On sales from continuing businesses of £75.8m (£57.5m) pre-tax profit came to £1.55m, against a restated £1.19m.

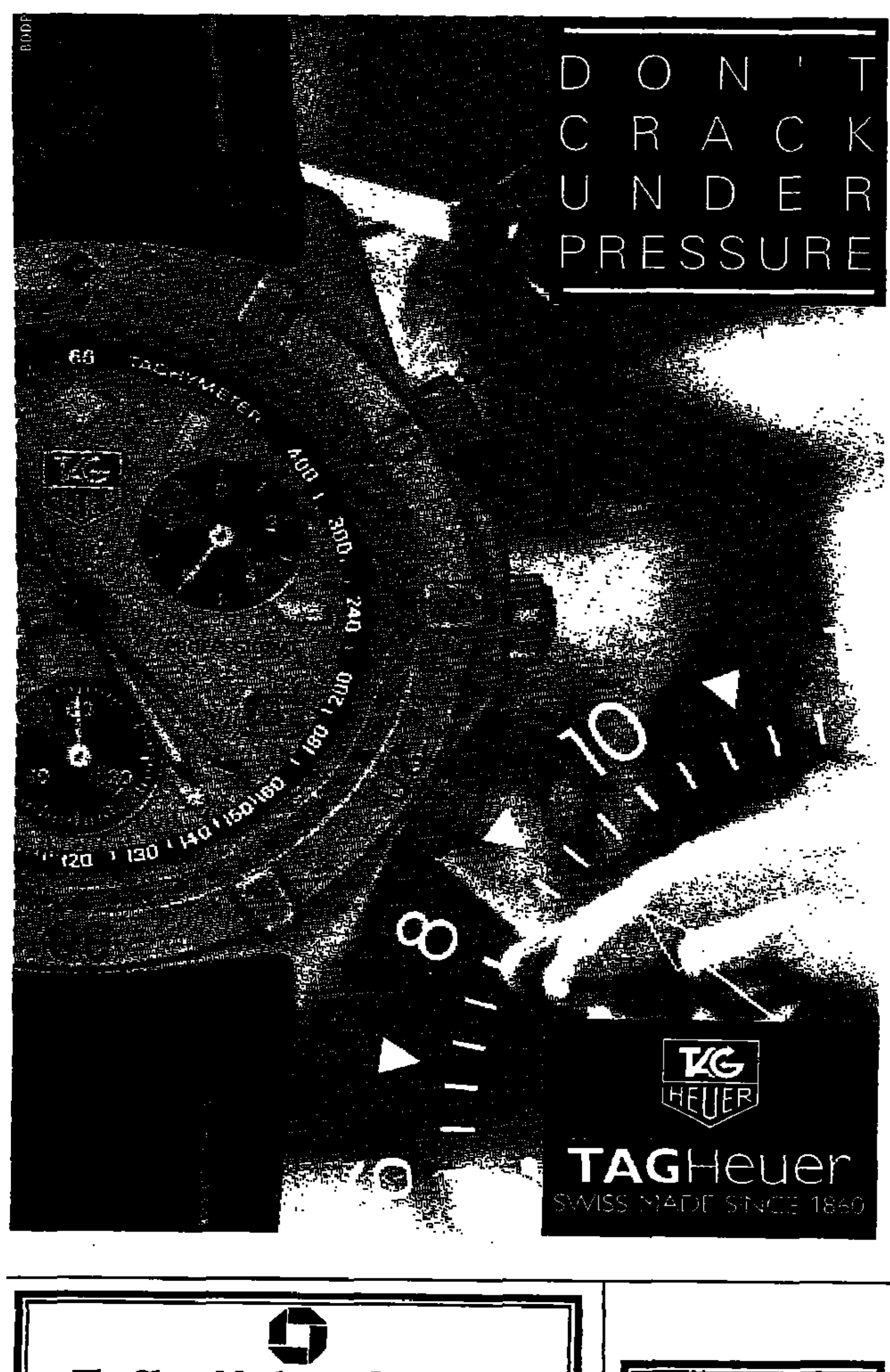
Profit from continuing operations increased 63 per cent to £3.27m (£2m), but discontinued activities carried a loss of £1.13m (£160,000).

An exceptional charge of £798,000 (£321,000) was related to the disposal of Robertson (Bakers).

Carr also said yesterday that Mr Brian Armstrong, who resigned as group managing director in June, had received compensation of £194,000.

On a segmental basis, agriculture increased profit by 68 per cent to £2.06m on sales of £58.5m (£42m) and milling made £1.08m (£522,000) on sales of £11.7m (£11.3m). Engineering and other activities contributed £409,000 (£353,000).

The final dividend of 5p makes 6.2p (4.3p) for the year. Basic earnings per share were 14p (10.6p) and on continuing operations 24.4p (12p).



The Chase Manhattan Corporation
U.S. $250,000,000
Floating Rate Subordinated Notes due 2000
For the three months 18th November, 1994 to 21st February, 1995 the Notes will carry an interest rate of 6% per annum with a coupon amount of U.S. $158.33 per U.S. $10,000 principal amount, payable on 21st February, 1995.
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Notice is hereby given that for the three months 17th November, 1994 to 17th February, 1995 the Notes will carry an interest rate of 6.10417% per annum with a coupon amount of £153.86 per £10,000 Note and £1,538.59 per £100,000 Note payable on 17th February, 1995.
Bankers Trust Company, London Agent Bank

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY
JAMES PURDEY & SONS LTD.
has been acquired by
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LUXURY GROUP PLC
The Private Bank & Trust Company Limited acted as financial adviser to the shareholders of James Purdey & Sons Ltd.
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12 Hay Hill London W1X 8EE
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Member of IMRO

Extract from the Annual Report and Accounts presented at the 98th Annual General Meeting held in Manchester on 17th November 1994

Year ended 30th June	1994 £000	1993 £000
Profit before Taxation	5,839	4,121
Taxation	(1,845)	(1,181)
Profit after Taxation	3,994	2,940
Earnings per share	5.89p	4.34p
Net dividends per share	3.15p	2.80p
Net assets per share	107.37p	101.20p

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(of which 12,974,060 will be placed in the UK and 4,275,940 will be placed overseas)
at
100p per share
sponsored by
Noble & Company Limited

Wellington Underwriting plc is an investment company which will invest in the Lloyd's Insurance market through syndicates managed by Wellington Underwriting Agencies Limited.
Copies of the Listing Particulars relating to Wellington Underwriting plc and the Placing of the ordinary shares will be available during normal business hours on any day (Saturdays and public holidays excepted) from the date of this notice up to and including 6th December 1994.
from:–

Noble & Company Limited, 5 Darnaway Street, Edinburgh EH3 6DW and Greig, Middleton & Co Limited, 66 Wilson Street, London EC2A 2BL and Wellington Underwriting plc, 2 Minster Court, Mincing Lane, London EC3R 7FB

Copies of the Listing Particulars are also available during normal business hours, for collection only, from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London EC2 from the date of this notice up to and including 23 November 1994.

18th November 1994

SOCIETES DE DEVELOPPEMENT REGIONAL
ECU 20.000.000 TRANCHE B 11 5/8 % 1983/1995
We inform the bondholders that the redemption instalment of ECU 4.000.000, nominal due on December 20, 1994, has been satisfied by a drawing on October 31, 1994, in Luxembourg.
These 4.000 bonds of ECU 1.000 will be reimbursed at par on December 20, 1994, coupon due on December 20,1995 attached, according to the modalities of payment on the bonds.
Serial numbers of the Bonds to be redeemed are set forth below on group from one number to another number, both inclusive :
4890 - 8889
The following bonds called for redemption on December 20, 1991 have not yet been presented for the payment :
12171 - 12174 13781 - 13787
The following bonds called for redemption on December 20, 1992 have not yet been presented for the payment :
921 - 922, 1824 - 1825, 2398 - 2399, 4506 - 4516, 1388 - 1390, 1987 - 2010, 2678 - 2680, 4664 - 4670, 1625 - 1644, 2207 - 2208, 3190, 1737 - 1739, 2374 - 2375, 3211 - 3216
The following bonds called for redemption on December 20, 1993 have not yet been presented for the payment :
14225 - 14238, 15156 - 15167, 14254 - 14257, 15200 - 15204, 14405 - 14414, 15248 - 15256, 15105 - 15107
Amount outstanding after December 20, 1994 : ECU 4.000.000
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SOCIETE GENERALE GROUP
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LUXEMBOURG

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COMPANY NEWS: UK

Meyer's warning on margins hits shares

By Christopher Price

Shares in Meyer fell 11 per cent yesterday as the building products group accompanied its half-year results with a warning that pressure on margins and a slowdown in sales cast a shadow over current trading.

Pre-tax profits for the six months to the end of September were 44 per cent ahead at £27.4m (£19m), helped by a £1.1m contribution from property disposals, and in line with market expectations. However, the 4.2p maintained dividend disappointed analysts, some of whom were forecasting a 10 per cent increase.

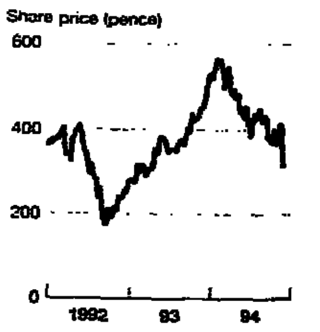
Mr John Dobby, chief executive, said that the dividend payment was an attempt to redress the balance between the interim and the final, which had traditionally split one third to two thirds. "The dividend payment is not a reflection of our performance."

Group turnover rose 11 per cent to £669.3m (£600.8m). Earnings per share advanced 27 per cent to 14.4p (11.3p). The shares closed down 44p at 359p.

Operating profits from the Jewson division rose 27 per cent to £13.1m (£10.3m) on sales 14 per cent ahead at

Meyer International

Share price (pence)



Source: FT Graphite

£245.4m (£215.1m). Bulk sales were buoyant, although these were subject to lower margins. The repairs, maintenance and improvement market, which has traditionally provided the basis for Jewson's earnings growth, was subdued.

Profits from forest products rose 13 per cent to £9.7m (£8.6m) on sales 15 per cent ahead at £219m (£190.4m). There was also an improved contribution from the Dutch division of £7.6m (£6.2m), while the German business contributed £500,0000 (£300,000).

Since September, the group had experienced a slowdown in sales growth brought about chiefly by the rise in interest rates and the consequent effect on the housing market, according to Mr Dobby. There were also raw materials pricing pressures which were being passed on but increasingly facing resistance from the beleaguered building trade. He added that given the current difficult trading environment, the group would concentrate its efforts on improving "operational efficiencies."

● COMMENT

Meyer's management did little yesterday to discourage the downbeat assessment of the group's prospects. Pricing pressures at Jewson, the group's biggest earner, look likely to continue as it fights to maintain market share by increasing its lower margin bulk sales. Profits for 1995-96 are forecast to fall in a range between £60m and £65m, giving earnings of some 33.5p and a p/e of 10.5 times. This compares poorly with rivals Travis Perkins (11.8 times) and Wolseley (12.2 times) – a position Meyer has traditionally found itself in. Worth a hold, but the sector as a whole is likely to remain in the doldrums.

Tempers flare at Butte's AGM

By Peggy Hollinger

Tempers flared and insults were traded yesterday as shareholders sat through a prolonged annual general meeting of Butte Mining, whose main activity is prosecuting US lawsuits.

The insults were not directed at the board, however, which is seeking damages of up to $1bn (£600m) from former managers and promoters.

Shareholders' wrath was directed at the representative of a fellow investor who pressed a series of questions over the lawsuit, directors' remuneration from the litigation and Butte's accounting practices. Butte has been forced to amend its accounts by the Financial Reporting Review Panel.

After more than an hour of detailed questioning, one shareholder stalked out, directing a clearly enunciated "prat" at the persistent questioner.

It became clear that most of the questions originated from shareholders being sued in the lawsuit, or from those close to defendants.

They pointed out that Mr David Lloyd-Jacob, chairman, stood to gain up to £10m from the lawsuit. Mr Lloyd-Jacob said he had been awarded the litigation remuneration at a board meeting. Shareholders were welcome to examine the minutes to ensure it had been properly awarded.

The chairman said the two-year-old lawsuit had taken substantial turns for the better in the past year. However, dissenting shareholders pointed out that the judge had not yet ruled on whether the case could even be heard in the US. Meanwhile, Butte's flotation is still the focus of a Serious Fraud Office investigation.

All the resolutions were passed. However, one shareholder objected to granting share options to non-executive directors. Mr Lloyd-Jacob said that, given the company's inability to provide the usual incentives to directors, he did not see there was a problem with the option scheme.

New chairman in place at Lucas

By Paul Cheeseright, Midlands Correspondent

The final piece in the new corporate jigsaw of Lucas Industries, the automotive and aerospace components and systems manufacturer, slotted into place yesterday when Sir Brian Pearse replaced Sir Anthony Gill as chairman.

Sir Brian will oversee a flattened management structure, with six business managing directors. He will report to Mr George Simpson, the chief executive.

This system, introduced by Mr Simpson since his arrival at Lucas last April, replaces the previous portfolio management structure built up under Sir Anthony.

The switch in chairmen took place, as scheduled, after the annual meeting in Birmingham. "It is the end of a specific and determined effort to get the top team reformed with some continuity in it," said Sir Anthony.

This is a reference to the decision taken three years ago, largely to meet the recommendations of the Cadbury committee, to split the roles of chairman and chief executive, filled by Sir Anthony since 1987. That it has taken so long to achieve the change reflects the confusion caused by the selection and then de-selection of Mr Anthony Edwards as Sir Anthony's heir apparent.

Sir Anthony Gill: top team reformed with continuity

Sir Brian Pearse: looking after corporate governance

The main focus of power in Lucas now is in the offices of Mr Simpson, fresh from the renaissance of Rover, the car maker, and Mr John Grant, who became finance director in 1992 after Mr David Hankinson, his predecessor, fell out with the rest of the board.

Sir Brian, a banker by background, sees his job as non-executive chairman as looking after the corporate governance of Lucas, enabling "George Simpson to think through the strategy and to act as his sounding board."

He stressed that he is a "team player" and promised "I will get involved wherever I think I can add value to George, but I certainly will not get in his way."

He becomes chairman as Lucas, exploiting the strength of the automotive market but rationalising in the face of a sluggish aerospace market, heads towards 1994-95 pre-tax profits of probably more than £120m. This follows a 1993-94 loss of £129.7m, caused by provisions for restructuring.

While Sir Brian arrives with 10,000 shares, Sir Anthony retires as the largest private individual shareholder with 700,000 shares, 983,851 options and 300,000 warrants.

Lucas shares yesterday closed up 4p at 211p.

Portsmouth & Sunderland increases 44% to £5.4m

Portsmouth & Sunderland Newspapers, the publishing and retail group, increased pre-tax profits by 44 per cent from £3.75m to £5.39m in the 26 weeks to October 1.

Turnover grew by 11 per cent to £60.9m (£54.9m). While the publishing side rose by just 6 per cent to £33.3m (£31.3m) retailing was up 17 per cent at £27.6m (£23.5m).

However, Mr Charles Brims, chief executive, reiterated that the next two years would be difficult and that profit growth would slow. "We are going through a transition stage," he said.

A contract to print the northern editions of the Daily Mail and Mail on Sunday, which contributed one-third of turnover in the printing business last year, ended in October. A contract to print the Independent expires in February 1996. Although the group was pursuing replacement contracts, none were imminent, Mr Brims said.

He added that the group was building up its retail side. So far this financial year it had opened five more One Stop convenience stores and intended to open another 15.

The rest of the profit increase came from cost savings made in the publishing business. The 7 per cent increase in advertising revenue was "fairly ordinary", he said.

Earnings per share rose to 28p (20.2p) and the interim dividend is lifted to 3.51p (3.12p).

The shares closed up 44p at 650p.

Millwall loss reduced to £0.12m

Millwall Holdings, the USM-quoted football club currently struggling near the bottom of the Endsleigh First Division, yesterday reported a sharp fall in pre-tax losses from a restated £1.13m to £119,000 in the year to May 31.

The result included an increased surplus of £1.73m (£1.09m) on transfer fees, and a £580,000 profit on the disposal of a fixed asset – last year there was a £300,000 loss on a fixed asset investment. Since the year end, players' registrations to the value of £2.53m have been sold.

Sales for the year reached £5.61m (£2.67m). Net interest charge was £375,000 (£115,000) and losses per share on a FRS 3 basis were 0.04p (0.7p).

Mr Reg Burr, chairman, said that "while we did not make the full progress we had anticipated in the time scale, we are encouraged by this year's results and by the exciting and potential financially rewarding opportunities which are becoming available to us."

Hardy Oil & Gas in the red

Hardy Oil & Gas, the independent exploration and production company, announced net losses of £634,000 for the half year of September 30 compared with profits of £3.83m.

Although oil and gas production rose by 6 per cent, turnover fell to £26.1m (£29.5m) and operating profits nearly halved to £3.35m (£6.04m).

Expenses and interest charges took £3.76m (£3.91m).

Mr Douglas Baker, the chairman, said the change in the tax position from a £1.69m credit to a £225,000 charge had resulted from the full utilisation of past petroleum revenue tax payments and changes in legislation.

Losses per share were 0.6p (3.8p earnings).

Looking ahead, Mr Baker said there was a continuing programme of new fields coming on stream and that despite the problems created by weak prices, the company had excellent assets and was well financed.

Disposal losses and poor UK trading leave ACT at £1m

By Alan Cane

Poor trading in the UK together with a loss of £8.8m on the disposal of discontinued activities left ACT Group's interim pre-tax profits at £1m, compared with £11.5m.

The City had, however, anticipated the decline after a profits warning in June. Strong underlying growth, principally in revenues and profits outside the UK, helped push the share price of the Birmingham-based computing services company up 5p to 103p.

Operating profits for the six months to September 30 were £9.89m (£11.5m), including losses of £497,000 (£1.99m profits) from discontinued activities. Sales were £106.3m (£107.6m) of which £23.1m (£43.1m) related to discontinued businesses.

After tax of £3.55m (£2.88m) losses per share were 1.41p, compared with earnings of 5.24p. Adjusting for the exceptional items earnings came out at 4.05p (4.41p). An unchanged interim dividend of 1.75p a share will be paid.

The group had net cash of £8.87m at the end of the period, only slightly down on the £9.05m of 12 months previously. It intends to use some of these resources to buy back up to 10 per cent of its stock at prices which will enhance earnings.

ACT has been increasingly focusing on its chosen role as a supplier of financial services software. Some 62 per cent of sales are now made abroad. In the first half, overseas profits rose to £10.3m from £5.95m, while UK profits fell to £960,000 (£4.6m).

Mr Michael Hart, managing director, said the UK fall was the result of an extra £1.5m spent on research and development, a sharp decline in the market for several of the group's products including the Quasar portfolio management system and slow equities markets which had hit revenues at NMW, the stock processing bureau.

Mr Roger Foster, chairman, said the group had shown resilience. He added that trading had improved and he anticipated a sound second half.

RAS

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NOTICE TO THE HOLDERS OF "RAS SAVINGS SHARE WARRANTS 1993/1995"

The holders of savings share warrants are hereby advised that, in compliance with the resolution adopted by the Ras Board of Directors on October 25th 1994, beginning November 17th 1994 and ending December 16th 1994, a capital increase from Lit. 272,675,726,000 up until a maximum of Lit. 596,749,995,000 will take place through the option offer of:

- no. 77,028,716 Ras ordinary shares, dividend 1.1.94, at the price of Lit. 12,000 per share at the following ratio: 2 new ordinary shares for every 5 ordinary shares held. One "Ras ordinary share Warrant 1994/1997", bearing the characteristics specified herein below, will be linked to the two new ordinary shares;
- a maximum of no. 42,321,282 Ras bearer savings shares, dividend 1.1.94, at the price of Lit. 7,000 per share at the following ratio: 2 new savings shares for every 5 savings shares held. One "Ras savings share Warrant 1994/1997", bearing the characteristics specified herein below will be linked to the two new savings shares;
- n. 924,344,592 "Mediobanca 4% 1994/1997" bonds, at par, at the following ratio: 2 Lit. 12,000 par value bond certificates for every 5 ordinary shares held. Two "Ras ordinary share Warrants 1994/1997" bearing the characteristics specified herein below will be linked to the two bond certificates;
- a maximum of no. 296,248,974 "Mediobanca 4% 1994/1997" bonds, at par, at the following ratio: 2 Lit. 7,000 par value bond certificates for every 5 saving shares held. Two "Ras savings share Warrants 1994/1997" bearing the characteristics specified herein below will be linked to the two bond certificates.

The holders of the "Ras ordinary share Warrants 1994/1997" will be entitled to underwrite one new Ras ordinary share, regular dividend, at the price of Lit. 12,000 up until December 31st 1997. The holders of the "Ras saving share Warrants 1994/1997" will be entitled to underwrite one new Ras savings share, regular dividend, at the price of Lit. 7,000 up until December 31st 1997.

With reference to the above, the holders of the "Ras savings shares Warrants 1993/1995" are to be reminded that, beginning November 17th 1994, the exercise of the Warrants will give the right to underwrite one Ras savings share, dividend 1.1.94, with coupon 18, for every two Warrants.

As established in the Warrants regulations, the underwriting price will be Lit. 11,000 minus the average write-off price which will be publicized by the Italian Stock Exchange Board on December 1st 1994.

Ras will promptly notify the public of the new underwriting price as herein before defined.

In the period inclusive from November 17th up to the date of the definition of the new underwriting price the Warrants may be exercised at the price of Lit. 11,000 per share. Ras will promptly reimburse underwriters the underwriting price difference through the authorised Banks.

£100,000,000

Britannia Building Society

(Incorporated in England under the Building Societies Act 1986)

Floating Rate Notes due February 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from November 16, 1994 to February 16, 1995 the Notes will carry an Interest Rate of 6.23333% per annum. The interest payable on the relevant interest payment date, February 16, 1995 will be £157.11 per £10,000 Note and £1,571.14 per £100,000 Note.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

CHASE

November 18, 1994

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(Constituted by Act of the Scots Parliament in 1695)

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Undated Floating Rate Primary Capital Notes

Notice is hereby given that the Rate of Interest has been fixed at 6.375% p.a. and that the interest payable on the relevant Interest Payment Date May 18, 1995 against Coupon No. 19 in respect of U.S.$10,000 nominal of the Notes will be U.S.$320.52 and in respect of U.S.$250,000 nominal of the Notes will be U.S.$8,013.02.

November 18, 1994, London

By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

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0030	9.24	10.03	10.03
0100	9.73	9.21	9.21
0130	8.73	10.06	10.06
0200	9.73	23.29	25.05
0230	9.24	25.64	27.40
0300	9.22	25.84	27.40
0330	9.21	25.64	27.40
0400	8.21	25.64	27.40
0430	8.21	23.29	25.05
0500	8.21	16.51	18.27
0530	8.21	15.82	17.58
0600	9.22	10.08	10.06
0630	9.24	10.15	10.15
0700	10.10	21.75	23.51
0730	29.78	21.99	23.82
0800	31.77	34.82	36.58
0830	35.85	34.76	36.71
0900	35.88	34.72	36.70
0930	36.42	31.80	33.69
1000	36.42	31.82	33.71
1030	35.85	31.77	33.68
1100	35.86	31.69	33.55
1130	35.86	31.65	33.50
1200	38.42	31.63	33.48
1230	38.42	31.57	33.40
1300	35.85	27.38	29.17
1330	31.77	25.72	27.49
1400	31.77	25.45	27.22
1430	31.77	25.45	27.21
1500	31.77	25.44	27.20
1530	31.77	25.44	27.20
1600	31.84	21.80	23.56
1630	41.17	24.37	26.13
1700	56.27	25.47	27.23
1730	58.88	26.81	28.58
1800	56.48	27.04	28.89
1830	44.04	33.82	35.66
1900	42.13	41.09	43.15
1930	41.87	40.66	42.86
2000	38.43	35.10	36.82
2030	30.18	32.72	34.48
2100	30.18	26.78	28.53
2130	30.19	21.75	23.61
2200	29.92	21.30	23.06
2230	22.47	21.75	23.51
2300	9.63	18.86	20.62
2330	9.25	18.86	20.62
2400	9.21	18.88	20.62

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.
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FLEMING FLAGSHIP FUND

Société d'Investissement à Capital Variable

45, rue des Scillas, L-2529 Howald, Grand-Duché de Luxembourg

R.C. Luxembourg B 8478

NOTICE TO SHAREHOLDERS

It was resolved at the Annual General Meeting of the Shareholders held in Luxembourg on 16 November 1994 (record date) that the following dividends should be paid:

Fund	Currency	Amount share	Coupon number	Payment date
FFF- Fleming Eastern Opportunities Fund	USD	0.2208	4	30.11.1994
FFF- Fleming European Fund	USD	0.1844	2	30.11.1994
FFF- Fleming Global Convertible Fund	USD	0.1399	2	30.11.1994
FFF- Fleming International Bond Fund	USD	0.3232	3	30.11.1994
FFF- Fleming Japanese Fund	USD	0.1796	4	30.11.1994
FFF- Fleming U.K. Enterprise Fund	GBP	0.0202	(*)	30.11.1994

(*) non numbered coupon

The shares will be quoted ex-dividend as from 17 November 1994.

Shareholders may elect to receive a dividend payment in which case payment will be made in the currency of the fund. Request for receipt of dividends must be made to the Company or its Agents in writing.

Holders of bearer shares must send their coupons to the relevant bank and inform them where the amount of the dividend is to be paid:

In Luxembourg: - Kredietbank SA Luxembourgeoise 43, Boulevard Royal, Luxembourg
In Germany: - Berliner Handels-und Frankfurter Bank, Bockenheimer Landstraße 10, Frankfurt,
In Belgium: - Banque Dewaay sa, Boulevard Anspach, 1, Bruxelles
In Italy: - Banca Commerciale Italiana SpA, Corso di Porta Nuova 7, Milan
In Austria: - Creditanstalt-Bankverein in Aktiengesellschaft, Julius-Tandler-Platz 3, Wien

November 1994
THE BOARD OF DIRECTORS

Notice of Early Redemption

HMC MORTGAGE NOTES 6 PLC

£140,000,000 Class A

and

£7,000,000 Class B

Mortgage Backed Floating Rate Notes due September 2030

In accordance with Condition 5(d)(1) of the Class A Notes and Condition 6(c)(1) of the Class B Notes, Noteholders are hereby notified that all outstanding Notes will be redeemed in full on the next Interest payment date of December 19, 1994. Payment of the Principal Amount Outstanding together with any interest due will be made against the surrender of the Notes at any Paying Agent listed below.

PRINCIPAL PAYING AGENT AND AGENT BANK

The Chase Manhattan Bank, N.A.

Woolgate House, Coleman Street, London EC2P 2HD

PAYING AGENTS

Banque Bruxelles Lambert S.A.
24 Avenue Marnix, B-1050
Brussels

Chase Manhattan Bank Luxembourg S.A.
5 Rue Plaetis
L-2338 Luxembourg-Grund

By: The Chase Manhattan Bank, N.A.
London, Principal Paying Agent and Agent Bank

CHASE

November 18, 1994

FINANCIAL TIMES

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Canadian High Commission, London

are hosting a Seminar on Competition Policy and Investment in Canada on Monday, 28 November, 1994 in London

Guest speakers include George Addy, Director of Investigation and Research, Bureau of Competition, Industry Canada
Peter Zinkin, Planning and Development Director, BICC plc
Cécile Latour, Counsellor (Commercial/Economic), Canadian High Commission

For registration information, contact:

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Mortgage Backed Floating Rate Notes Due October 2023

In accordance with the Terms and Conditions of the Notes, notice is hereby given that the new interest rates and periods in respect of the subject Notes are as follows:-

Payment	Date	Rate %	Payment	Date	Rate %
Series A	2nd November-1st December 1994	6.085	Series D	9th November-8th December 1994	6.165
Series B	3rd November-2nd December 1994	6.115	Series E	10th November-9th December 1994	6.075
Series C	4th November-7th December 1994	6.155	Series F	15th November-14th December 1994	6.006

By: Citibank, N.A. (Issuer Services)
November 18, 1994 London

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Gareth Jones on 071 873 3779

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Notice

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USD 120,000,000

MULTIPLE OPTION FACILITY AGREEMENT

DATED SEPTEMBER 22, 1992

In accordance with the provisions of the Transferable Loan Certificate issued on November 16, 1992, notice is hereby given that for the six months interest period from November 17, 1994 to May 17, 1995, the Certificate will carry an Interest Rate of 6.6875 per annum.

Barclays Bank PLC, Hong Kong
As Facility Agent

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PROPERTY FINANCE

UK Commercial Property

Notice of Interest Rates

To the Holders of

The United Mexican States

Collateralized Floating Rate Bonds Due 2019

NOTICE IS HEREBY GIVEN that the interest rates covering the interest period from November 17, 1994 to May 17, 1995 are detailed below:

Series Designation	Rate	Interest Amount		Interest Payment Date
USD Discount Series C	6.6875 Pct. P.A.	USD 34.88	Per USD 1,000	May 17,1995
CAN Discount Series	6.9792 Pct. P.A.	CAN 35.08	Per CAN 1,000	May 17,1995

November 17, 1994

CITIBANK, N.A., Agent

COMMODITIES AND AGRICULTURE

EU and Greek officials to meet over cotton frauds

By Peter Marsh in London and Kerin Hope in Athens

European Commission officials are to meet representatives of the Greek agriculture ministry next week in an effort to resolve a long-running dispute over allegations of fraud in the Greek cotton industry.

The Commission is trying to persuade Greece to repay up to Ecu120m (£94m) in respect of cash handed out under the common agriculture policy to cotton farmers for crops that Brussels believes may have never existed.

An official from the Greek cotton board, the semi-independent organisation that oversees payments to farmers, has commented: "Greece accepts that fraud occurred and will pay a fine but not as much as the Commission has asked. There'll be a bargaining process."

At next week's talks in Athens, the Commission officials will discuss with the agriculture ministry the question of fines for 21 owners of cotton gins (processing plants) who are accused of colluding with growers to inflate the figures for cotton processed in 1991-92.

As part of efforts by Brussels to crack down on fraud in the European Union's agriculture budget, an auditing team from the Commission is to visit gins and cotton growing areas in Greece every three months to check on cotton board procedures.

It has been alleged that Greek cotton farmers inflated their production figures by up to 10 per cent in 1991-92, gaining up to Ecu50m in subsidies to which they were not entitled.

The discussion over how much cash Greece should repay is linked to Commission efforts to settle disputes over the EU budget for 1991. Agricultural spending, which accounts for roughly half annual EU spending of about Ecu70bn, encompasses easily the biggest area of reported EU frauds.

Commission officials believe that Greece was lax in enforcing controls over cotton payments early in the 1990s but that since then the position has improved. In particular, the Greek government introduced extra checks on purchases of processed cotton last month, when harvesting of this year's cotton crop started.

As a result of favourable weather in September and October, this year's cotton harvest is forecast to reach a record 1.2m tonnes, up from just under 1m tonnes last year.

● The Commission has started checks on possible misuse of EU subsidies related to payments for taking beef into storage in 1992. In that year, the Commission handed out Ecu2.3bn to farmers who could not sell the meat conventionally on account of a general surplus and health scares over bovine spongiform encephalopathy, or "mad cow disease".

Commission officials believe that up to Ecu100m of this cash may have been handed out wrongly, either because of lax checking procedures or fraud. They are planning to open discussions with member governments on this issue in the next few months.

The inquiries will focus on Ireland, which received Ecu575m in beef payments in 1992. Other countries whose farmers received large sums when beef was taken off the market in that year were France, which received Ecu550m; Germany (Ecu480m); Britain (Ecu245m); and Italy (Ecu230m).

In recent years, the EU's beef mountain, which reached 395,000 tonnes, worth Ecu1bn, in September 1992, has come down virtually to nothing as market conditions have stabilised.

Scope seen for more sugar price gains

By Deborah Hargreaves

World sugar prices could break through their recent 4-year highs if supply tightness continues, in spite of recent price corrections, according to a review of the market by Czarnikow, the London brokers.

"The market has been expecting some sort of correction so it's not surprising that prices have been easier over the last couple of days. But there is a fundamentally tight situation and scope for that picture to tighten further," said Mr Neil Meader, analyst at Czarnikow.

Key consuming countries such as China, India and Russia are likely to have to source much of their supply from the international market next year following shortfalls in their own production. Czarnikow has marked the Chinese crop down from 6.54m tonnes to 6.3m tonnes this year with a further drop expected next year.

Czarnikow believes that China will be turning to the international market for 1.4m tonnes of its raw supplies which will have an important influence on market behaviour next year.

"By the third quarter next year, these consuming countries will be facing a gap between the new crop and the old one," said Mr Meader. "If they all buy on a spot basis there will be a massive block of purchasing hitting the market at the same time."

Czarnikow estimates that world production in 1994-1995 will reach 111.9m tonnes, which marks an increase of roughly 2m tonnes over the previous season, but is not enough to make up for a rise in consumption to 115.5m tonnes next year. For this reason, the broker believes there will be a drawdown from world stocks of 4.2m tonnes over the coming crop cycle.

The European Union sugar reform was unlikely to have any effect on the world market, Mr Meader said.

Ecuadoreans spring banana surprise

By Raymond Colitt in Quito

Contrary to widespread expectations, Ecuador – the world's largest exporter of bananas – has this year shipped more of the fruit than ever before.

By the end of the first 10 months, exports had already reached about 2.69m tonnes, exceeding the 1991 full-year record of 2.65m tonnes. For the year as a whole, the country is expected to break the 3m tonne mark.

Though first-half exports already indicated a recovery over last year's slump, the new figures come as a surprise, as EU restrictions on banana imports were expected to impact more heavily on Ecuadorean sales. Yet Ecuadorean banana exports to the EU actually rose by 35 per cent between January and October of 1994.

Industry experts say that the EU restrictions even benefited Ecuadorean exporters. Following the July 1993 regulation, commercial licences have been conceded to European importers and distributors who can now choose freely among suppliers of the tropical fruit.

Mr Jose Riofrio, head of marketing for bananas in the ministry of agriculture, says European importers chose Ecuadorean bananas because of their price advantage. While its Central American competitors sold bananas at $5.20 a box, Ecuador offered its product at $4.50.

In addition, Ecuador's Noboa Group has an enormous advantage over its competitors, because for years it has been well established in Europe with its own distributors in key markets of the continent. Consolidating its position as Ecuador's leading banana exporter, Noboa now claims 41.5 per cent of the country's total market, with sales to the end of September reaching $217m.

Ecuadorean bananas also penetrated the Spanish market for the first time in decades, ironically entering into competition with Spain's former colonies, which were to benefit by EU Regulation 404.

However, aggressive marketing strategies outside of the EU were the main reason for record sales this year. Countries such as Lithuania, Bulgaria, the Ukraine, Lebanon, Iraq, and Syria bought considerable amounts of Ecuadorean bananas. Despite significant growth, Ecuador has not managed to improve the efficiency of its production. A government programme offering $140 a hectare for conversion to other crops has eliminated some 15,000 ha. But according to Mr Riofrio, at least another 15,000 ha need to be phased out in order to boost the country's low efficiency rate.

PNG gold partners aim to 'optimise' production

By Nikki Tait in Sydney

The joint venture partners in Porgera, the large gold mine in Papua New Guinea's Enga province, have agreed to go ahead with an expansion of associated processing facilities, in an effort to "optimise" gold production and keep production costs as low as possible.

The expansion will cost about 90m kina – slightly more than A$100m at the current exchange rate – and should be completed by the first quarter of 1996.

The expansion involves increasing the project's milling capacity, providing an increased oxygen supply for the autoclaves, adding process water storage capacity at Waile Creek dam, and increasing power generation capabilities.

The joint venture partners – Placer Pacific, Renison Goldfields, Highlands Gold and the PNG government – said that the work should maintain Porgera's cash production costs at under US$200 a troy ounce. This, in turn, should allow the mine to process more lower grade ore later in its life.

"There is also the possibility of further underground resources being identified that can be economically exploited," the partners said this week.

"Particularly encouraging is the potential to mine higher grade narrow veins of mineralisation, both inside and outside the pit shell, which are not currently considered part of the reserve."

Porgera is one of the world's largest gold mines. Its production has dipped recently, but in the last financial year gold production still amounted to 1.17m ounces, down 70,000 ounces on the previous 12 months.

'Copper market collapse possible next year'

By Kenneth Gooding, Mining Correspondent

Copper prices will collapse at some point – possibly between June and August next year – when investors run out of confidence, and the fall might last as long as six months, suggests the Bloomsbury Minerals Economics consultancy group.

"At that time it may seem to many that the boom is over," says Mr Peter Hollands in his latest Copper Briefing Service newsletter.

He expects prices to peak in the second quarter of next year, as that quarter is usually the strongest period for copper consumption. BME estimates that in the April-June period next year the western world copper supply deficit will rise to 75,000 tonnes from 35,000 tonnes in the first three months. "Accordingly, we expect the second quarter of 1995 to see high copper prices – $1.35 a pound [$2,975 a tonne] on average."

However, present price levels are already anticipating these promising fundamentals, says Mr Hollands.

"Nevertheless, we expect a firm period through to around May 1995, but we expect to see investment funds selling heavily into this price peak."

BME says it is hard to tell at present whether the copper boom will end in the second half of 1995. But in both 1995 and 1996, production of refined copper will grow at twice the rate of consumption growth – 6 to 8 per cent compared with 3 to 4 per cent. Consequently, in 1996 there will be a supply surplus of about 105,000 tonnes.

● Mr Jim Lennon, metals analyst at Macquarie Equities, points out in his latest market commentary that the investment funds which have been so influential in metals markets in recent months moved into these markets partly in reaction to a collapse in the US bond market. Metals were viewed as a natural hedge against interest rate and inflation rises.

He adds: "When US growth starts to slow and the bond market starts to rally, this could be a signal for the funds to switch out of metals – this seems unlikely before the second quarter of 1995."

Copper Briefing Service: £630 or $995 a year from BME, 60 Worship Street, London EC2A 2HD, UK.

Lower coffee consumption forecast

Roaster Kraft Jacobs Suchard, part of the Philip Morris group, expects world demand for coffee to drop to 92m bags (60kg each) in 1995 from an estimated 95m this year as higher roasted coffee prices curtail consumption in both eastern and western Europe, reports Reuters from Paris.

"Eastern Europeans will suffer mainly in 1995 from the impact of current roasted coffee price hikes," Mr Roland Monica, general manager for the group's beverage division, told a news conference here.

Lower world demand should in turn allow for some rebalancing of the market and put pressure on prices, he said.

Mr Monica said the group hoped prices could ease by the end of 1995. But he suggested that green coffee prices, which rose quickly after frost then drought hit the Brazilian crop, were unlikely to return to the low levels seen beforehand.

"Coffee prices cannot return to 50-60 cents a pound ... Coffee producing countries must have decent living conditions," he said. Only "decent" prices would encourage planters to invest, he added.

Kraft Jacobs Suchard predicts that roasted coffee consumption in Europe could decline 2.7 per cent in 1994 to 1.015m tonnes. It expects German consumption to fall 4 per cent but stabilise in 1995 because German roasters were prompt in passing on green coffee price rises to customers.

But French consumption is expected to fall 6 per cent next year after easing by 0.5 per cent in 1994 because French roasters delayed most of their price rises until the end of the year.

Consumption is seen dropping 3.3 per cent in Poland and 16.4 per cent in the former Czechoslovakia this year.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1921.5-2.5	1932-3
Previous	1908.5-9.5	1924-5
High/low	1926/1925	1948/1924
AM Official	1924-5	1934-5
Kerb close		1947-8
Open int.	248,898	
Total daily turnover	69,060	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1855-60	1885-90
Previous	1840-50	1870-5
High/low		1900/1890
AM Official	1851-5	1885-95
Kerb close		1895-900
Open int.	2,854	
Total daily turnover	555	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	672-3	690-1
Previous	681-2	699-700
High/low		700/688
AM Official	678.5-9	695-5.5
Kerb close		690-1
Open int.	42,819	
Total daily turnover	6,038	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7535-40	7660-5
Previous	7690-700	7820-30
High/low	7530/7520	7770/7650
AM Official	7530-5	7672-5
Kerb close		7650-60
Open int.	66,672	
Total daily turnover	15,345	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6200-10	6300-10
Previous	6215-25	6310-20
High/low		6370/6290
AM Official	6245-55	6345-50
Kerb close		6310-20
Open int.	21,260	
Total daily turnover	5,418	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1170-1	1195-6
Previous	1186-7	1211-2
High/low	1178/1170	1208/1192
AM Official	1178-9	1203-3.5
Kerb close		1199-200
Open int.	110,073	
Total daily turnover	13,207	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2893-4	2841-2
Previous	2913-6	2853-5
High/low		2860/2827
AM Official	2910-5	2852-3
Kerb close		2852-3
Open int.	226,229	
Total daily turnover	128,441	

■ LME AM Official £/$ rate: 1.5739
LME Closing £/$ rate: 1.5760

Spot:1.5778 3 mths:1.5776 6 mths:1.5764 9 mths:1.5752

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Nov	135.55	+0.45	135.70	133.50	1,055	161
Dec	134.55	+0.20	135.40	132.35	28,302	1,843
Jan	131.05	-0.80	131.00	131.00	931	45
Feb	129.75	-0.80	130.00	130.00	742	10
Mar	128.05	-0.80	128.00	127.15	16,256	3,888
Apr	125.55	-0.80	125.50	125.50	678	9
Total					58,923	7,580

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	386.20-386.60	
Opening	386.50-386.90	
Morning fix	386.40	245.765
Afternoon fix	386.75	245.743
Day's High	387.00-387.40	
Day's Low	386.20-386.60	
Previous close	386.00-386.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....4.95 6 months 5.35
2 months ....5.06 12 months 5.83
3 months 5.11

Silver Fix	p/troy oz.	US cts equiv.
Spot	332.75	523.50
3 months	337.40	530.80
6 months	342.55	538.70
1 year	354.80	557.20
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	388-391	247-250
Maple Leaf	397.05-399.55	-
New Sovereign	90-93	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Nov	385.2	-0.9	-	-	-	1
Dec	385.9	-0.9	387.7	385.6	68,759	21,570
Jan	387.6	-0.9	-	-	-	-
Feb	389.7	-0.9	391.3	388.5	28,808	2,461
Apr	393.4	-0.9	394.5	393.7	10,809	832
Jun	397.3	-0.8	398.6	397.2	10,711	1,376
Total					162,278	27,396

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Jan	416.1	-0.3	418.0	416.0	18,544	1,619
Apr	420.6	-0.3	422.5	421.0	7,276	112
Jul	425.0	-0.3	426.3	426.3	1,967	3
Oct	430.1	-0.3	-	-	507	1
Jan	433.1	-0.3	-	-	10	-
Total					28,304	1,736

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Dec	157.75	+0.65	158.00	157.10	3,161	500
Mar	158.85	+0.60	159.00	156.25	4,000	419
Jun	159.85	+0.60	160.00	159.50	519	-
Sep	160.15	+0.60	-	-	96	25
Total					7,796	944

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Nov	526.0	+3.8	526.0	526.0	8	9
Dec	524.5	+1.3	527.5	523.0	57,476	23,390
Jan	526.8	+1.3	526.0	526.0	86	1
Mar	533.1	+1.3	536.0	531.5	38,463	5,987
May	539.1	+1.4	541.0	537.0	5,531	26
Jul	545.4	+1.5	547.0	545.0	7,833	139
Total					134,148	39,613

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	17.48	+0.11	17.61	17.33	36,449	31,984
Jan	17.46	+0.08	17.60	17.33	109,249	54,868
Feb	17.46	+0.06	17.54	17.35	42,912	16,900
Mar	17.46	+0.07	17.52	17.38	31,794	12,051
Apr	17.48	+0.09	17.49	17.38	18,020	15,099
May	17.53	+0.13	17.53	17.41	15,498	3,886
Total					401,494	176,814

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	16.67	+0.22	16.68	16.36	89,000	33,106
Feb	16.53	+0.22	16.53	16.27	25,852	11,755
Mar	16.35	+0.16	16.37	16.18	15,038	2,613
Apr	16.27	+0.16	16.27	16.15	5,529	183
May	16.15	+0.09	16.15	16.15	3,725	1,128
Jun	16.13	+0.10	16.26	16.13	3,603	1,237
Total					151,228	49,663

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	47.95	+0.19	48.40	47.70	34,970	18,106
Jan	48.55	+0.18	48.90	48.20	41,993	16,766
Feb	49.30	+0.28	49.55	48.85	24,853	5,702
Mar	49.15	+0.34	49.35	49.00	13,669	2,976
Apr	48.90	+0.39	48.90	48.70	9,316	809
May	48.00	-	-	-	4,971	784
Total					157,042	48,334

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	149.25	-0.50	149.75	148.50	35,774	8,386
Jan	151.50	-0.25	151.75	150.50	24,101	3,850
Feb	152.75	-0.50	152.75	152.00	12,564	1,049
Mar	152.75	-0.50	153.00	152.00	8,419	504
Apr	151.25	-0.25	151.25	151.25	3,048	5
May	150.75	-0.50	-	-	765	-
Total					93,407	14,261

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	1.595	-0.064	1.655	1.590	28,983	21,559
Jan	1.773	-0.060	1.825	1.765	28,406	9,671
Feb	1.781	-0.049	1.830	1.775	16,471	3,471
Mar	1.780	-0.054	1.845	1.770	13,972	2,577
Apr	1.750	-0.054	1.790	1.745	7,316	1,358
May	1.760	-0.043	1.807	1.755	7,083	709
Total					151,701	43,321

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	55.40	-0.34	56.10	54.65	23,088	18,651
Jan	53.50	-0.09	54.25	53.00	24,856	15,549
Feb	53.00	-0.14	53.70	52.60	9,470	5,160
Mar	53.20	-0.09	53.70	52.85	5,599	2,319
Apr	56.45	-0.89	-	-	5,267	436
May	55.89	-0.83	-	-	1,879	715
Total					74,050	43,383

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	104.25	-0.75	105.00	104.50	281	60
Jan	104.95	-0.40	105.50	105.00	2,020	103
Mar	106.95	-0.40	107.50	107.00	1,634	41
May	109.15	-0.25	109.50	109.15	114	36
Jul	110.95	-0.30	111.20	111.20	56	5
Sep	94.45	-0.45	94.50	94.50	672	5
Total					6,396	272

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	375/2	+1/4	376/0	372/4	22,832	10,373
Mar	386/2	+1/0	387/4	384/0	31,774	10,064
May	367/0	+0/2	368/4	366/2	4,801	704
Jul	334/4	-0/6	336/2	334/0	10,926	1,940
Sep	339/0	-0/6	340/4	339/0	356	23
Dec	349/0	-0/4	-	-	159	2
Total					70,855	23,106

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	217/6	+1/0	218/0	216/4	93,284	23,295
Mar	228/6	+1/0	229/0	227/6	76,901	9,370
May	235/6	+0/6	236/0	234/6	30,218	2,773
Jul	240/4	+0/4	240/6	239/2	39,987	8,890
Sep	244/0	+0/2	244/2	243/4	3,790	228
Dec	248/6	+1/0	249/0	246/6	20,550	4,184
Total					266,828	48,840

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	100.25	+0.25	-	-	10	-
Jan	102.50	-0.15	-	-	468	-
Mar	105.00	-	-	-	135	-
May	106.00	-	-	-	44	-
Sep	93.00	-	-	-	20	-
Nov	95.00	-	-	-	52	-
Total					729	-

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	563/0	+4/2	563/4	557/0	3,234	3,758
Jan	569/6	+4/2	570/2	564/2	53,615	22,808
Mar	578/2	+3/4	578/6	573/2	28,093	3,823
May	584/6	+3/2	585/2	580/0	14,635	1,537
Jul	589/6	+3/2	590/0	585/0	22,518	2,584
Aug	591/0	+2/4	591/0	588/0	1,743	250
Total					134,462	38,452

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	28.75	+0.44	28.80	28.20	34,245	8,098
Jan	27.52	+0.41	27.55	27.00	22,326	6,113
Mar	26.37	+0.34	26.45	26.03	19,388	3,242
May	25.50	+0.32	25.55	25.10	14,907	1,085
Jul	24.72	+0.28	24.85	24.42	8,914	2,060
Aug	24.40	+0.30	24.40	24.20	1,880	287
Total					109,619	21,694

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	158.4	-0.4	159.1	158.0	29,654	6,681
Jan	160.0	-0.2	160.4	159.6	21,072	5,062
Mar	164.0	-0.3	164.6	163.6	19,313	2,168
May	168.7	-0.2	169.1	168.4	10,202	479
Jul	173.5	-0.2	173.9	173.0	10,007	1,279
Aug	175.5	-0.1	175.7	175.4	2,065	355
Total					99,918	16,893

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	105.0	-	-	-	-	-
Apr	271.0	+2.7	277.0	262.0	1,378	200
May	287.5	+22.5	-	-	1	-
Jun	250.0	-	-	-	-	-
Total					1,379	200

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	1880	+7	1886	1875	242	50
Dec	1860	+10	1870	1860	384	60
Jan	1790	+30	1795	1768	1,089	185
Apr	1720	+21	1720	1700	968	127
Jul	1507	+9	1507	1504	132	44
Oct	1625	+25	-	-	17	1
Total					2,831	467

	Close	Prev
BFI	1846	1834

Wool
Auction prices fluctuated only narrowly this week, with the Australian tendency slightly firmer, taking the market indicator 5c higher to 795c/kg. New Zealand and this week's Bradford sale of Scottish wool showed mixed changes, with some British carpet categories definitely dearer but the market in general no more than firm. The main factor affecting prices was currency, with the US dollar rising after the interest rate rise. Close connection with the currencies of the main wool producing countries means that major international wool users are paying more. The added price increases related to currency is not helping the flow of trade. Longer term wool supply and demand calculations continue to stress the likelihood of shortages in the earlier months of 1995, and maintain a firm view of the price outlook.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	949	-4	952	946	18,297	512
Mar	976	-2	977	972	43,961	874
May	984	-1	987	982	14,397	187
Jul	995	-1	996	994	6,795	17
Sep	1009	-1	1011	1006	12,392	83
Dec	1024	-1	1025	1025	9,984	75
Total					112,377	1,859

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1280	+8	1285	1270	1,657	410
Mar	1324	+9	1326	1310	41,832	3,747
May	1348	+6	1350	1340	9,327	569
Jul	1372	+6	1366	1361	3,905	222
Sep	1395	+6	1389	1389	1,571	48
Dec	1425	+6	1419	1419	5,109	27
Total					69,436	5,043

■ COCOA (ICCO) (SDR's/tonne)

Nov. 16	Price	Prev. day
Daily	987.79	994.85

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	3303	+13	3350	3305	383	22
Jan	3352	+29	3395	3345	10,214	1,511
Mar	3313	+45	3345	3295	8,378	749
May	3284	+41	3320	3283	3,577	245
Jul	3277	+59	3300	3296	1,230	52
Sep	3265	+65	3268	3268	2,218	5
Total					28,394	2,584

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	171.30	-4.60	177.75	169.75	5,282	3,825
Mar	176.75	-4.50	183.00	175.50	16,287	6,650
May	178.50	-5.50	185.40	178.50	6,134	491
Jul	180.50	-5.00	186.30	182.00	2,109	115
Sep	180.00	-6.00	187.75	180.00	993	56
Dec	182.05	-5.00	-	-	841	35
Total					31,789	11,174

■ COFFEE (ICO) (US cents/pound)

Nov. 16	Price	Prev. day
Comp. daily	170.65	169.27
15 day average	175.91	176.57

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	13.00	-	-	-	90	-
Mar	13.93	+0.17	-	-	580	300
May	14.04	+0.16	13.90	13.90	450	-
Jul	13.79	+0.05	-	-	-	-
Total					1,160	300

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	383.50	+1.10	384.00	379.50	10,244	531
May	378.60	+1.50	378.00	374.70	4,008	282
Aug	371.10	+2.20	368.50	367.00	2,777	166
Oct	345.80	+3.90	343.50	339.50	1,361	125
Dec	343.80	+3.60	339.50	339.00	100	4
Mar	343.30	+3.30	338.50	337.30	251	52
Total					18,741	1,210

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	13.74	+0.16	13.75	13.51	93,856	8,623
May	13.78	+0.15	13.79	13.56	29,574	1,882
Jul	13.54	+0.12	13.55	13.37	18,537	1,105
Oct	12.94	+0.12	12.94	12.78	16,565	909
Mar	12.46	+0.09	12.48	12.40	3,691	172
May	12.34	+0.02	12.34	12.32	273	1
Total					168,700	10,577

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	74.85	+0.45	75.60	74.60	13,984	3,667
Mar	76.14	+0.19	76.94	76.07	23,326	4,393
May	77.08	+0.08	77.80	77.00	7,807	533
Jul	77.75	+0.17	78.30	77.70	4,920	72
Oct	71.68	+0.08	71.90	71.70	651	45
Dec	70.45	-0.05	70.70	70.35	3,305	163
Total					54,013	8,873

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	118.60	+4.35	119.00	117.00	161	53
Mar	122.00	+4.20	122.00	120.00	15,830	1,263
May	124.65	+3.85	124.65	123.25	5,771	436
Jul	127.40	+3.60	127.50	126.40	1,698	23
Sep	130.35	+3.75	130.25	127.50	936	20
Nov	128.45	+3.35	129.00	128.00	1,351	100
Total					27,450	1,896

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Nov 17	Nov 16	month ago	year ago
2146.1	2136.9	2083.3	1621.9

■ CRB Futures (Base: 1967=100)

Nov 16	Nov 15	month ago	year ago
233.74	233.95	231.17	223.20

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	69.950	-0.025	70.175	69.775	27,653	6,217
Feb	69.025	+0.150	69.175	68.850	26,365	3,659
Apr	69.850	+0.425	69.925	69.425	16,437	1,385
Jun	65.625	+0.250	65.675	65.400	5,403	429
Aug	63.950	+0.150	64.050	63.875	1,727	301
Oct	64.900	+0.200	64.900	64.650	525	34
Total					78,207	12,095

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	32.350	+0.325	32.500	32.125	14,993	5,515
Feb	35.275	+0.150	35.550	35.200	11,240	5,401
Apr	36.600	-	36.850	36.425	5,975	1,379
Jun	42.000	-0.050	42.250	41.900	2,957	407
Aug	41.775	-	41.875	41.600	667	123
Oct	39.025	-0.025	39.350	39.025	463	43
Total					37,138	13,098

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	38.625	-0.175	39.275	38.550	8,029	3,808
Mar	38.875	-0.200	39.425	38.750	1,194	304
May	39.925	-0.175	40.500	39.925	381	144
Jul	40.750	-	41.200	40.650	385	69
Aug	39.700	-0.050	40.000	39.350	89	14
Total					10,078	4,339

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Feb	Apr	Feb	Apr
1800	177	195	32	61
1850	144	165	47	80
1900	114	138	67	101
■ COPPER (Grade A) LME	**Feb**	**Apr**	**Feb**	**Apr**
2700	203	146	48	120
2750	170	122	64	146
2800	141	102	85	174
■ COFFEE LCE	**Jan**	**Mar**	**Jan**	**Mar**
3300	206	272	154	259
3350	181	252	179	289
3400	161	234	209	321
■ COCOA LCE	**Dec**	**Mar**	**Dec**	**Mar**
950	63	80	36	46
975	49	67	48	58
1000	39	57	63	73
■ BRENT CRUDE IPE	**Jan**	**Apr**	**Jan**	**Apr**
1600	84	105	31	86
1650	57	83	54	114
1700	34	65	84	146

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jan) +or-

		+or-
Dubai	$15.57-5.61z	+0.155
Brent Blend (dated)	$16.57-6.59	-0.080
Brent Blend (Jan)	$16.67-6.69	+0.120
W.T.I. (1pm est)	$17.70-7.71z	+0.205

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$176-178	-1.0
Gas Oil	$152-154	
Heavy Fuel Oil	$107-108	
Naphtha	$173-175	-0.5
Jet fuel	$175-176	
Diesel	$158-160	

Petroleum Argus. Tel. London (071) 359 8792

■ OTHER

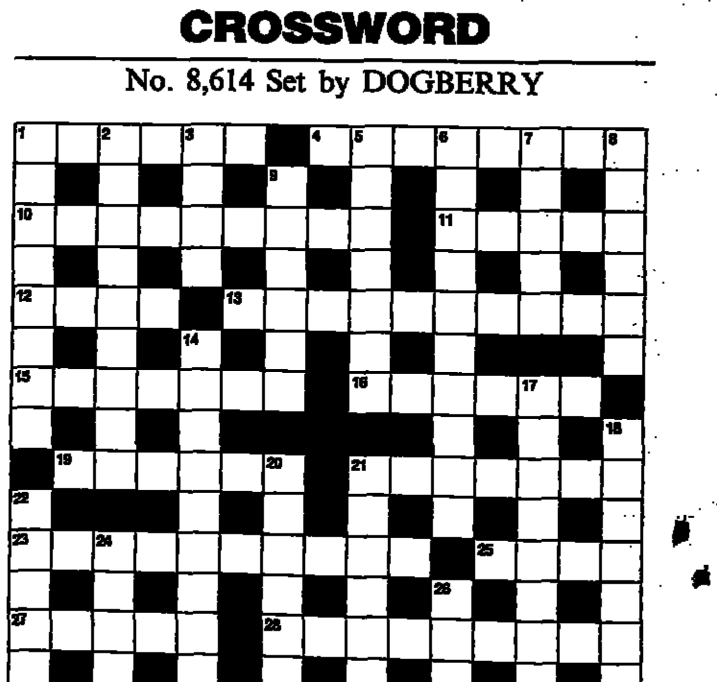
Gold (per troy oz)♣	$386.40	+0.20
Silver (per troy oz)♣	525.5c	
Platinum (per troy oz.)	$416.00	+1.25
Palladium (per troy oz.)	$156.40	-0.10
Copper (US prod.)	139.0c	+5.0
Lead (US prod.)	40.75c	
Tin (Kuala Lumpur)	15.93r	+0.19
Tin (New York)	291.5c	-3.0
Cattle (live weight)†	115.53p	+0.29*
Sheep (live weight)†♣	104.57p	+3.81*
Pigs (live weight)	77.80p	+0.90*
Lon. day sugar (raw)	$333.20	-3.30
Lon. day sugar (wte)	$391.00	-3.00
Tate & Lyle export	£325.00	-2.00
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	Unq.	
Wheat (US Dark North)	£165.0v	
Rubber (Dec)♥	87.75p	+0.50
Rubber (Jan)♥	87.25p	+0.50
Rubber (KL RSS No1 Jul)	343.0m	
Coconut Oil (Phil)§	$745.0q	+17.5
Palm Oil (Malay.)§	$752.5u	+30.0
Copra (Phil)§	$490.0y	
Soyabeans (US)	£165.0t	
Cotton Outlook'A' index	77.90c	
Wooltops (64s Super)	460p	+5

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Mar. v Nov/Dec. u Dec. z Jan. t Nov. q Dec/Jan ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week ⊙ Prices are for previous day. † - 14/11/94 Corrected figure for WTI $17.60-7.62

JOTTER PAD

CROSSWORD

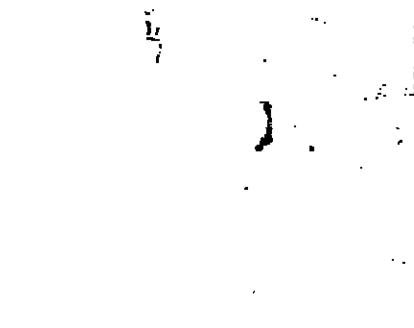
No. 8,614 Set by DOGBERRY



ACROSS
1 Grow into suit (6)
4 Hop around in bloom of universal knowledge (8)
10 Gypsy composer let loose about Romany Overture (9)
11 Indian, say, or North American novelist rejected (5)
12 Offal not beginning to be smelly (4)
13 Many formerly receiving benefit now start to get sympathy (10)
15 Part of group including American detectives (7)
16 Obliterate in reversal of decaffeination process (6)
19 Strong leader to make mark without supernatural power (6)
21 Burn graduate invading island (7)
23 Artificial life of many a foreign copper left in unfinished building (10)
25 Writer viewing cheese without horror (4)
27 Woman I complain about (5)
28 Deal gingerly with soft, soupy concoction (9)
29 Merry Widow, for instance, found in a treetop (8)
30 Compiler's swallowed tongue in the river (6)

DOWN
1 Save lock, given support (8)
2 Pretend it hurts to speak of drink (9)
3 Suitable encounter (4)
5 Cut for a recording company cutting cheese (7)
6 Pelf short? I acquire goods without it (10)
7 Born with plummy accent; brought up to fuss over appearance (5)
8 Outdone during year over there (6)
9 Prophet admitting student with first in theology? Not quite (6)
14 Shut up at home in withered lake (10)
17 Small quantity of love making a lot of noise (9)
18 Nit-picking journalist in store (8)
20 Instrument for locating member in real time (7)
21 Hunt programme (6)
22 Religion thus open to suggestion (6)
24 Animal noises point to animal (5)
26 Funeral arrangements knock stuffing out of pay rise (4)

Solution 8,613



هكذا من الأصل

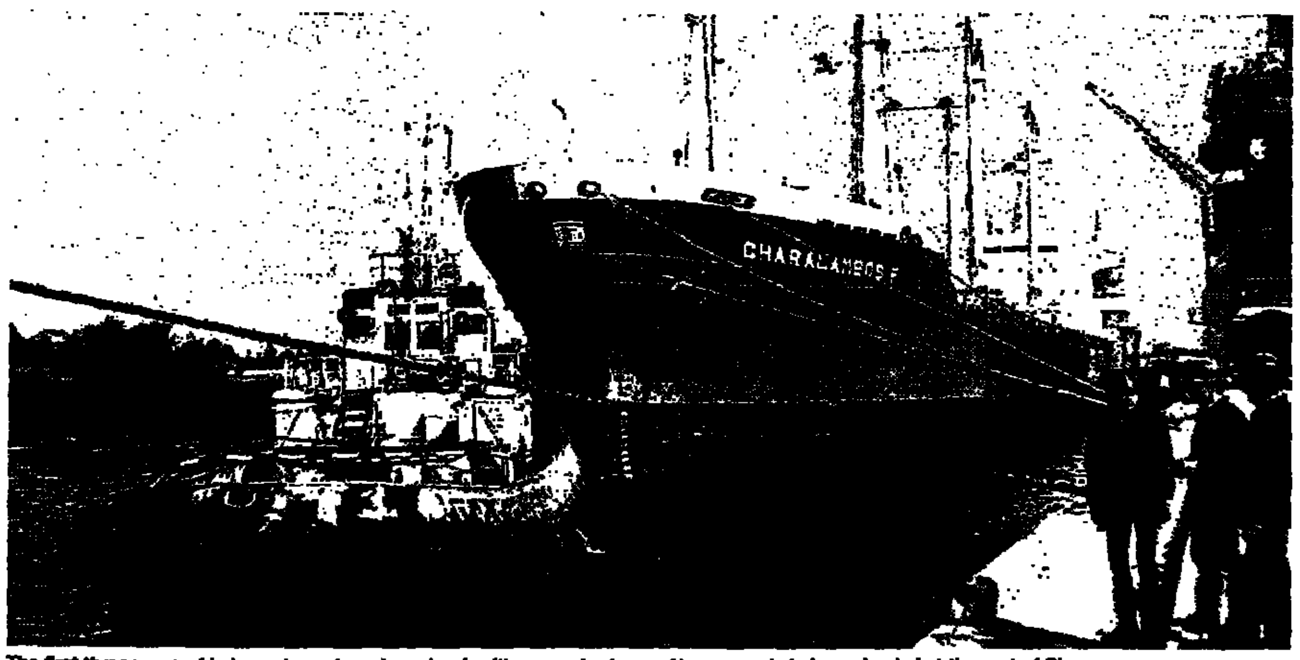
FINANCIAL TIMES SURVEY

LATVIA

After an economic crisis, hopes are high for a better future: page II

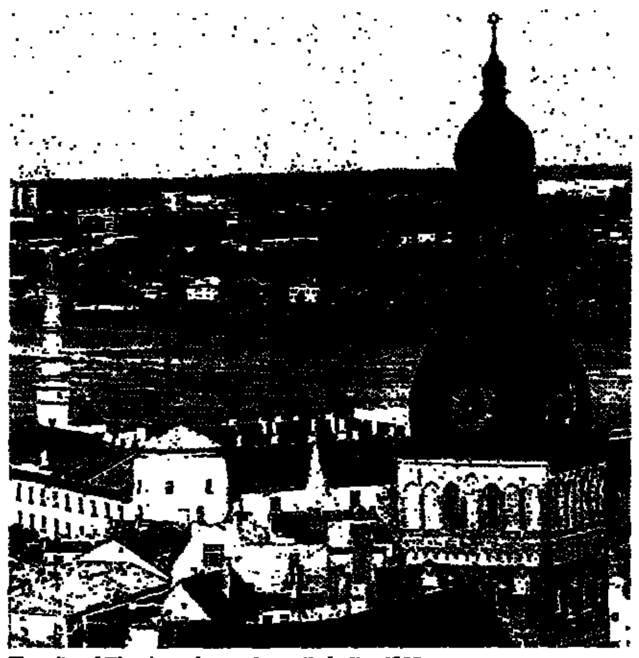
A guide for business visitors to the state capital, Riga: page IV

Friday November 18 1994



The first three years of independence have been hard, with many shortages. Above: goods being unloaded at the port of Riga

Pictures by Mark Wadlow



The city of Riga has changed greatly in the 1990s

Flashback to the winter of 1991: Riga's citizen's build barricades to defend ministry buildings against feared action by the Soviet Army

Picture by Gennady Galperin, Reuter

Now the real work must begin

Following its independence from the former Soviet Union in 1991, the fledgling Baltic state of Latvia stands a good chance of flourishing, reports John Lloyd, who wrote this four-page survey

Latvia is the middle of three strongly contrasting Baltic states. Like the other two – Estonia and Lithuania – it was trapped after the war, until 1991, in the Soviet Union: it can now reasonably believe that this will have been its last imperial cage.

Occupying a middle position in geography, between Lithuania to the south west and Estonia to the north east, it also lies between the other two in population (2.6m people to Estonia's 1.6m and Lithuania's 3.7m) – and, so far, has been in the middle, too, in its efforts to reform its economy: leading the more conservative Lithuania, but not yet showing the growth and investment achievements of Lithuania.

Yet, so much has been done. The visitor to Riga, the "Paris of the Baltic," now emerging from its Soviet dinginess again to deserve that name, sees a city of newly-opened shops, cafés and galleries, matching Budapest or Prague. The signs of suddenly acquired wealth are evident, as are those of construction and reconstruction.

After the nervousness of the first years of independence – its statehood was declared in August 1991 – a social consensus appears to be holding and strengthening. Governments have come and gone, but each re-iterates its adhesion to democratic norms, to market principles and to European integration, without serious challenge to any of these.

The threat that the large Russian-speaking population – some 40 per cent of the whole – would remain disaffected, mutinous and unable to integrate has substantially lessened as the attraction of Latvia over Russia has grown more evident, as a citizenship law is passed permitting gradual integration, and as the hostility of the just-before and just-after independence years gives way to an acceptance of each other under a re-arrangement of political power. Growing wealth will aid that.

The Soviet past recedes. Few, even in the late 1980s at the beginning of the struggle for independence – at first thinly disguised as support for a radical version of the then Russian president Mikhail Gorbachev's perestroika policy – believed that Latvia could again secure the independent status it retained shakily between the two world wars.

Now the memory of the achievement of independence fades enough to permit grumbling that the new life is harder than the old – a grumbling which will not, however translate itself into serious opposition to the government's course.

There are parties of the left, and the equal rights movement lays an accent on the present effective exclusion of most of the Russian speakers from full voting and many civil rights, because they have not attained citizenship. But in broad terms, ethnicity has receded from political life, not strengthened within it. Few now believe that, having achieved independence, it is in constant question.

The issue is rather the need to ingrain that independence into every facet of government policy and national life. The geopolitical environment in which Latvia finds itself is one where that goal is seen as being most likely to be achieved through three parallel movements: towards acceptance by the European Union; towards a competent, democratic and secure statehood; and towards a well-functioning market system. In what remains of the century – given peace and stability – its governing class believes it can gain much of that.

The difficulties have ceased to be of the kind which might threaten the fledgling state, though they remain as testing for the new political élite as they are trying for the patience of the population.

Latvia is better placed than almost any other former Soviet state to use its independence to create the foundation for democratic and market development but its first governments hesitated, then introduced inadequate and hastily drafted economic legislation, feared internal and external backlash and opened up the country (probably inevitably) to a wave of crime and corruption which, though not of the intensity and threat of that in Russia, is nevertheless alarming in its scope.

A new beginning is now being attempted – but parliamentary elections are being held within the year and even Mr Maris Gailis, the Prime Minister talks of a period of consolidation, not of radical reform.

The political parties reflect the interests and views of a largely urban intellectual and technical stratum who see the pro-market reforms and conformity with European norms as their best hope. However, the political parties have few members and none can govern on its own.

Latvian Way remains the largest grouping – but its need to change coalition partners when the Farmers' Union deserted the coalition in mid-summer left the country without effective government for two months and now means that all policies have an electoral edge to them.

The Latvian Way coalition is centrist and moderately nationalist but the more overtly nationalist parties to its right have recently taken control of Riga city – where more than one third of the country's population lives – probably reflecting more a dissatisfaction with lowered living standards than a desire for a harder nationalist stance. It represents a warning to the government, nonetheless.

Latvia's agriculture, an important part of its production, employment and exports, has suffered in the short term from privatisation. The state and the collective farms were often inefficient – but they were embedded in a functioning system of supply and distribution which has not yet been remodelled.

That experience has damaged the concept of privatisation as a whole, though a more potent cause has been the decision to allow ministries to privatise the companies for which they were responsible at their own speed – a strategy which meant that many did nothing, others allowed corrupt practices to flourish and others still were privatised by financial and other interests widely believed to be penetrated by, or to be front organisations for, organised crime.

Nevertheless, many companies with apparently good prospects – the Laima chocolate company and the wood products and furnishing company, Latvijas Finieris are oft-cited but still impressive examples – did privatise themselves with existing management taking over the reins of power and grappling with the rocky conditions of post-independence Latvia as best they could.

The outstanding success of the past two years has been the introduction of a currency – the Lat – as stable as any in Europe. Latvia stayed with the rouble immediately after independence, then moved to a Latvian rouble in 1992 and introduced the Lat last year, pegged to the International Monetary Fund's special drawing rights.

Under Mr Repse, a non-economist appointed by the parliament for a six-yearterm as governor, the Central Bank was turned into an institution as independent as that under Mr Siim Kallas in Estonia – though without the taint of scandal which deprived Mr Kallas of the premiership of his country in succession to Mr Mart Laar.

However, the strong Lat has resulted in exports becoming high-priced and this has forced manufacturers to pay more attention to securing improvements in productivity and quality, but at a cost.

The rash of small banks which appeared in 1990-1992 has given the country the edge in the Baltics in banking and financial services – the Baltic Switzerland is one metaphor often employed, if sardonically.

Many of these banks, however, have acquired the reputation of being a conduit for flight capital from Russia, and the trade they finance is often illegal, at least at the Russian border.

Business in the former USSR is a rough game, and Latvia is far from the worst. Its banks provide income and employment but they also deter, because of their reputation, the serious foreign investor fearful of becoming mixed up in illegalities of which he knows nothing.

These are central issues for the state which it can neither ignore nor finesse. As it celebrates the national independence it announced on this day 74 years ago, Latvia can be more certain than for decades – perhaps at any time in its past – that its independence is well founded. The country will grow, and it has a high chance of flourishing. But for that, as its leaders increasingly recognise, the real work must start now.

REPUBLIC OF LATVIA

International Tender for the sale of

INDUSTRIAL ENTERPRISES

by the Latvian Privatization Agency

Closing date: Dec. 22, 1994

Enterprise number, name, location *(in brackets: type of business [capacity p. a. if available], [turnover in 1993 in LVL (Latvian Lats if available]/number of employees mid 1994)*

BUILDING MATERIAL

(LV-59) V/U „Jelgava Building Materials Plant"
Jelgava, LV 3000
(Fibrolite plates [20.000 cbm], [0,3 mill. LVL]/80)

(LV-98) V/U „Smiltene Wood and Metal Manufacturing Company"
Smiltene, LV 4729
(Waste bins [100.000 pcs], Metal hangars [46 pcs], wooden cottages [200 pcs], /65)

FOOD PROCESSING

(LV-19) V/U „Roja Fish Processing Plant"
Roja, LV 3264
(Tinned fish [4,5 mill. cans], fish products [1.200 t], [2,2 mill. LVL]/192)

(LV-36) V/U „Riga Fat Processing Complex"
Riga, LV 1004
(Soap [toilet soap 3.500 t, laundry soap 8.000 t], mayonnaise, bottling of vegetable oil [3.000 t], [1,6 mill. LVL]/154)

(LV-96) V/U „Riga Fishery"
Riga, LV 1020
(Fish [95.000 t], [17,3 mill. LVL]/2.068)

HEAVY ENGINEERING

(LV-53) Assets of Riga Warship Repair Plant No.177 (State owned)
Riga, LV 1016
(Ship repair [floating dry dock, 4.500 t (117 x 22 m), 350 m quay], diesel turbine engine overhaul [100 pcs], [2,6 mill. LVL]/417)

LIGHT ENGINEERING

(LV-04) A/S „STRAUME"
Riga, LV 1004
(Electrical appliances, mixers [200.000 pcs], coffee grinders [500.000 pcs], kitchen machines [73.000 pcs], electrical heaters [40.000 pcs], [1,0 mill. LVL]/251)

(LV-24) V/U „Latura"
Valmiera, LV 4200
(Fire extinguishing systems and extinguishers [4.100 units], [0,8 mill. LVL]/377)

(LV-87) V/U „Rigas Plastika"
Riga, LV 1045
(Sheet polyethylene [300.000 t], [0,35 mill. LVL]/68)

(LV-92) V/U „Progress"
Riga, LV 1006
(Car accessories, immersion heaters, [0,13 mill. LVL]/92)

PAPER AND PRINTING

(LV-46) V/U „Riga Cardboard Factory"
Riga, LV 1004
(Cardboard articles [8 mill. sqm], [0,14 mill. LVL]/80)

(LV-95) Assets of
V/U „Staiceles Paper Factory" (leased out)
Limbazu, LV 4043
(Glue paper [150.000 cbm], stationery [600.000 cbm], kraft paper [1,5 mill. sqm], [29.000 LVL]/42)

TEXTILE INDUSTRY

(LV-56) V/U „Kraslava Flax Processing Factory"
Kraslava, LV 5601
(Flax fibers [1.100 t], long flax fibers [400 t], [12.000 LVL]/10)

(LV-57) V/U „Ludza Flax Processing Factory"
Ludza, LV 5701
(Long and short flax fibers, linen [1.100 t flax fiber], [30.000 LVL]/64)

(LV-61) V/U „Preili Flax Processing Factory"
Preili, LV 5318
(Flax fibers [1.200 t], long flax fibers [500 t], /7) (production stopped in 1992)

(LV-91) V/U „Rigas Flics"
Riga, LV 1009
(Felt hats, [production stopped in 1993]/10)

TRANSPORTATION

(LV-31) V/U „Ventspils Transporta Ekspedicija"
Ventspils, LV 3602
(Road transport [freight turnover 126.000 t], forwarding, warehousing, [2,5 mill. LVL]/127)

(LV-32) V/U „Rezeknes Transporta Apvieniba"
Rezekne, LV 4600
(Road transport [37 mill. tkm], [0,15 mill. LVL]/190)

(LV-52) A/S „BrastaTransportation"
Riga, LV 1084
(Road transport [9.2 mill. tkm], [0,2 mill. LVL]/127)

(LV-81) V/U „Riga River Transport"
Riga, LV 1007
(Inland navigation [6 river barges, 2.800 t], /80)

(LV-106) V/U „Riga Fishing Port"
Riga, LV 1020
(Harbour services, oil separation [3 specialised vessels], /80)

WOOD AND WOOD PROCESSING

(LV-06) V/U „Daugavpils Furniture Plant"
Daugavpils, LV 5400
(Bedroom furniture sets [11.700 pcs], wardrobes [13.100 pcs], beds [7.400 pcs], armchairs [1.680 pcs], divan beds [840 pcs], folding chairs [220.000 pcs], [0,5 mill. LVL]/359)

(LV-08) V/U „Latgale Furniture Plant"
Riga, LV 1019
(Upholstered furniture [1,0 mill. LVL]/200)

(LV-50) V/U „Kurzemes Priede Forestry"
Liepaja, LV 3401
(Sawn timber [200.000 cbm], Europallets [8.000 cbm], /69)

(LV-62) V/U „Aluksne Forestry"
Aluksne, LV 4300
(Sawn timber [1.400 cbm], wooden crates [2.500 cbm], paper wood [2.000 cbm], wooden chips [450 t], [0,22 mill. LVL]/112)

(LV-63) V/U „Cesu Forestry"
Cesis, LV 4100
(Round timber export [50.000 cbm], sawn timber [12.000 cbm], wooden chips [10.000 cbm], transport service, [0,3 mill. LVL]/95)

(LV-64) A/S „Daugavpils Forestry"
Daugavpils, LV 5400
(Timber logging [70.000 cbm], sawn timber [2.000 cbm], [0,6 mill. LVL]/207)

(LV-65) V/U „Gulbene Forestry"
Gulbene, LV 4400
(Timber logging [50.000 cbm], sawn timber [3.500 cbm], [0,25 mill. LVL]/158)

(LV-66) V/U „Incukalns Forestry"
Riga region, LV 2141
(Round timber [36.000 cbm], sawn timber [7.000 cbm], wooden chips [20.000 cbm], firewood [20.000 cbm], [1,1 mill. LVL]/272)

(LV-67) Assets of
V/U „Jaunjelgava Forestry" (leased out)
Aizkraukle region, LV 5134
(Wood processing [24.000 cbm], [0,42 mill. LVL]/114)

(LV-68) Assets of
V/U „Jekabpils Forestry" (leased out)
Jekabpils, LV 5205
(Timber logging [208.000 cbm], sawn timber [8.000 cbm], [0,4 mill. LVL]/92)

(LV-69) A/S „Koknese Forestry"
Aizkraukle region, LV 5113
(Timber logging [60.000 cbm], sawn timber [3.000 cbm], [0,8 mill. LVL]/293)

(LV-73) V/U „Mazsalaca Forestry"
Valmiera region, LV 4215
(Pulp-wood [8.500 cbm], sawn timber [1.000 cbm], firewood [15.000 cbm], plywood logs [1.400 cbm], [0,34 mill. LVL]/167)

(LV-74) A/S „Ogre Forestry"
Ogre, LV 5000
(Sawn timber [2.600 cbm], paper wood [8.500 cbm], firewood [23.000 cbm], [0,6 mill. LVL]/191)

(LV-76) V/U „Saldus Forestry"
Saldus, LV 3801
(Timber logging [46.000 cbm], sawn timber, [0,5 mill. LVL]/140)

(LV-77) A/S „Strencu Forestry"
Valka region, LV 4730
(Paper pulp [20.000 cbm], balks [11.000 cbm], plywood logs [3.500 cbm], techn. wood-pulp [15.000 cbm], sawn timber [3.000 cbm], firewood [20.000 cbm], [0,8 mill. LVL]/204)

(LV-78) V/U „Talsi Forestry"
Talsi, LV 3257
(Paper wood [6.200 cbm], sawn timber [7.300 cbm], round logs [3.000 cbm], [0,4 mill. LVL]/235)

(LV-79) V/U „Tukums Forestry"
Tukums, LV 3100
(Round logs [15.000 cbm], firewood [13.000 cbm], sawn timber [1.500 cbm], [0,5 mill. LVL]/150)

(LV-80) V/U „Ziguri Forestry"
Balvi region, LV 4584
(Timber logging [25.000 cbm], sawn timber [2.500 cbm], match logs [1.200 cbm], [0,7 mill. LVL]/209)

(LV-105) V/U „Dundaga Forestry"
Talsi, LV 3270
(Timber logging [10.000 cbm], sawn timber [1.500 cbm], /98)

OTHERS

(LV-21) V/U „Olaine Chemical-Pharmaceutical Plant"
Olaine, LV 2114
(Medicines [1.500 mill. tablets], raw materials for medicines [700 t], byproducts [600 t], [4,3 mill. LVL]/969)

(LV-49) V/U „Livani Biochemical Plant"
Livani, LV 5316
(Concentrated forage lysin [3.000 t], [production stopped in 1992]/64)

(LV-60) V/U „Seklas Wholesale"
Jelgava, LV 3008
(Vegetables and flower seeds wholesale [0,2 mill. LVL]/52)

(LV-88) V/U „Riga Travel and Excursion Office"
Riga, LV 1050
(Travel agency, [20.000 LVL]/9)

(LV-101) V/U „Balvi Road Construction"
Balvi, LV 4500
(Road construction, asphalt [70.000 t], filling material [200 mill. cbm], [0,1 mill. LVL]/54)

Tender Conditions

1. In accordance with its legal mandate the Latvian Privatization Agency LPA intends to sell the aforementioned enterprises by means of an international tender in the following manner:
   a) bids for a state owned joint stock company (organized as A/S under Latvian law) must be for the majority of the shares of the company. LPA may reserve a minority of the shares of the company for future public offering of shares;
   b) bids for a state owned enterprise (organized as V/U under Latvian law) must be for its total operations;
   c) bids for a plant or leased out enterprise must be for its total assets (e. g. buildings, leasehold, equipment and inventory) with inventory finally to be valued as of the time of acquisition;
   d) bids for assets or parts of an enterprise must be for a separable unit of a A/S, V/U or plant, with inventory finally to be valued as of the time of aquisition.
2. The tender is public and anyone may bid.
3. In deciding among the bids, LPA will take into consideration, among other things, the bid price, promises to maintain or create jobs, pledges to invest, and the business plan submitted, each of which will be considered part of the bid. Upon signing a contract, the successful bidder will be required to post a bond to guarantee these pledges.
4. Interested parties can obtain enterprise and plant profiles without charge from LPA. LPA is not responsible for the accuracy and completeness of this information. Prospective bidders will receive written authorization from LPA to visit the enterprises or plants on the basis of which information will be provided by the enterprise or plant management.
5. Bids must be in writing and should be submitted in a sealed envelope marked only with the name of the enterprise or plant for which the bid is submitted.
6. Bids must be received at LPA, 31, K. Valdemara Street, Riga, Latvia-1887, no later than 2:00 p. m. (local time), on Dec. 22, 1994 (the "closing date"). Bids will thereafter be opened immediately. Bids must be denominated in Latvian Lats (LVL), and shall remain valid for one hundred and twenty (120) days after the closing date.
7. Bids must be accompanied by a bond of five (5) percent of the bid value in the form of an irrevocable bank guarantee valid for one hundred and twenty (120) days after the closing date. The bid bond must be payable on first demand and will be forfeited if the bidder either fails to hold its bid open for the required period or refuses to sign a contract in accordance with its bid.
8. LPA will decide on the bids within one hundred and twenty (120) days after the closing date. Bidders may present their bid within a period set by LPA. LPA is entitled to accept a bid other than that with the highest purchase price or may reject any of the bids at any time.
9. The privatization of the tendered enterprises will be carried out according to applicable Latvian law.

LPA (Latvian Privatization Agency)

Druvis Skulte — State Minister for Privatization
Jānis Naglis — Generaldirektor

Office hours of LPA are Monday through Friday from 9 a.m. until 4 p.m. (local time).

For further information (enterprise profile, data on Latvia, visit authorization) please contact:

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Economy: the first three years of independence have seen hard times

After a severe crisis, hopes are high for a better future

The severity of the crisis which has existed in Latvia's economy is evident from the fact that manufacturing output has more than halved.

In every sphere where the country did well in Soviet terms – production of electrical goods, buses, railway wagons, wood products, leather goods – it has suffered contractions of up to two thirds compared with former production levels.

The economy is in the end about the well-being of the people within it and by the crudest measure of that, the death rate, Latvia also does poorly.

Life expectancy has sunk (as it has, but usually by more, elsewhere in the former Soviet Union), over the past two years - largely because men are dying almost three years earlier than they used to at a little over 60.

The first three years of independence have been hard on the people: it gives the dwindling band of pro-Soviet enthusiasts who still turned

Life expectancy has sunk (as it has, but usually by more, elsewhere in the former Soviet Union), over the past two years - largely because men are dying almost three years earlier than they used to, at a little over 60

out earlier this month (in their hundreds now rather than their thousands) to mark the anniversary of the October revolution at the spot where the statue of Lenin used to stand, something with which to tarnish the achievement of the creation of the new state.

Reforms, too, are benefiting the growing middle class, but not, so far, the general population.

The restitution of pre-war property has created overnight a rentier class which can live comfortably on the proceeds of their properties, especially if they can be let to businesses.

The privatisation of services, including medical services, has meant that doctors and dentists, traditionally very badly paid, can now command high fees quite openly, where previously they resorted to asking for "presents".

This has allowed the standards of service to go up – but, as Maija Dukate, head of Riga's largest (private) dental clinic admits, "it doesn't look so good if you're on a pension of 30-odd lats a month".

The hardship and the figures are not a matter of dispute: interest must now focus on whether or not the headline last week in one of the business papers – "The Worst is behind us: now it gets better" – is likely to be true, or is merely a reflection of a hopeful government looking for re-election.

Mr Maris Gailis, the prime minister, said confidently: "We will see growth next year of between 3 and 5 per cent in the economy and we also think we will keep inflation down to around one per cent a month." (It is presently a little above that).

In part, the prime minister's confidence derives from an increasingly popular view that the decline in the Latvian economy has reached the bottom.

In part, it also reflects a belief that the strict financial regime imposed by the Central Bank with the acquiescence – sometimes grumbling – of the political leadership has laid the basis for real non-inflationary growth.

The country's finances have been the most unambiguous success the Latvian leadership has enjoyed.

The Bank is independent, with its chairman – Mr Einars Repse – and its council appointed by parliament but thereafter not dismissable for a six year term. In 1992, it lifted most restrictions on foreign exchange, liberalised interest rates and introduced the "Latvian rouble" at a floating exchange rate.

In October 1993, the Bank brought in the lat, a purely Latvian currency. This was not tied to any national currency but in 1994 was brought into line with the IMF's SDR (special drawing right) unit. The currency reforms brought down an inflation rate of close to 1000 per cent a year in 1992 to about 35 per cent last year, and it is forecast to fall to about 24 per cent in the current year, and to half that figure in the next.

The lat, the face value of which is the highest of any of the post-Soviet currencies, appears to have successfully inserted itself into the national economy – playing the role taken rather earlier by the kroon in Estonia, as at the same time a symbol of sound money and independence.

Mr Ilmars Rimshevics, the young deputy governor of the Central Bank, says that there is pressure from the government and from manufacturers.

"Many of them think we are too independent, but so far the success we have achieved in inflationary terms has shown that we are on the right course," says Mr Rimshevics.

Success has been achieved not only in introducing the currency: the bank has also re-organised itself by shedding most of its branch network, creating from some of the former branches a new commercial bank, Unibank, and selling others to independent banks.

It has also sought to extend a network of regulations, one result of which has been that 10 banks have lost their licences.

Of the hot money said to be coursing through Latvia's financial system, Mr. Rimshevics says carefully that "a lot of the capital coming into Latvia is from the east (Russia), and there is not much information about it. If we did get some information that it was illegal we would of course co-operate with the authorities in investigating it".

Mr Rimshevics also says that the Bank will probably soon wind down the programme with the IMF which has served it so well – though he says that "a memorandum with the IMF would probably still be useful to us at this stage".

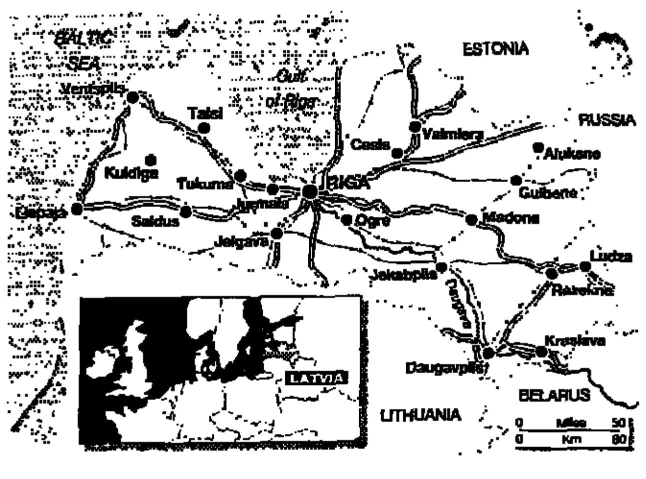
He is confident, too – unlike his counterparts in Russia – that foreign banks can only assist the banking community in Latvia through competition. The Central Bank has no intention of keeping foreign banks out of the country – though so far only one bank has been issued a full licence and one other bank given permission to open a representative office.

Mr Andris Piebalgs, the finance minister who professes himself as strict a monetarist as any central banker, says that he is going to insist on another very tight budget in the coming year – with a total income of Lts940m, of which only Lts40m-50m will be financed by a deficit.

At the same time he is presenting a new tax code to the parliament, which would bring the high rates of profit tax down from between 35-65 per cent to a flat rate of 25 per cent – the rate also set for income tax.

He is a little more cautious than the Prime Minister, forecasting 3 per cent growth for next year – but says that an annual inflation rate of 11 per cent for 1995 "looks more or less real".

He sees clearly enough that his country's producers and exporters are still suffering, that life as a pensioner on Lts31 a month is very hard, that teachers and civil servants are getting by on little more - all in the midst of a city in which wealth for the fortunate is clearly exploding. "But to loosen up now is to lose everything, and we won't do it," he says.



Agricultural output (1990 = 100)

	1990	1991	1992	1993
All output	100	96	81	63
of which				
crops	100	105	94	93
livestock	100	92	76	50
Sown area of crops '000ha	1,627	1,621	1,572	1426

Source: Latvian Ministry of Agriculture

Gross Domestic Product
(in 1990 constant prices – 1990 = 100)

Year	
1990	100.0
1991	91.7
1992	60.8
1993	48.0
1994*	46.0
1995*	51.5
1996*	51.5

* Projected
Source: Latvian Government, Bizness i Baltiya

Foreign assistance to Latvia

Year	$
Multilateral and bilateral aid	
1992	51,441,160
1993	27,486,904
1994	39,870,087
Phare (European Union) assistance	
1992	16,250,000
1993	13,182,000
1994	30,625,000
Total	
1992 67,691,000	
1993	40,669,404
1994	70,495,087

Source: Finance Ministry, department for External resources

Foreign policy: an innermost wish to be part of the European Union

Squeezed between two blocs

"Baltic countries will never again be forced against the innermost wishes of their people into any relationship with the Russian state; but they would themselves be foolish to reject close and co-operative arrangements with a tolerant and non-imperialistic Russia which genuinely wished to overcome the unhappy memories of the past and to place her relations to the Baltic peoples on a basis of real respect and disinterestedness."

George Kennan, the US diplomat whose analysis of the post-war Soviet Union showed much (but not enough) of his country's foreign policies, produced few better insights than that. More than 40 years after it was written in 1951, it provides a consensual framework for the conduct of a Latvian foreign policy seeking to consolidate a national security which it still sees as fragile.

If there is an "innermost wish" at the core of the policy, it is manifest in a national consensus, which sees Latvia's future as within Europe and, specifically, within the European Union. To achieve that, it – with its neighbours, Estonia and Lithuania – struggled determinedly to escape from the failing Soviet Union. Unlike the other Soviet states which largely received their independence as a result of the Soviet collapse, the Baltic states took their statehood first – and in doing so, greatly hastened that collapse.

The anti-Sovietism, and anti-Russian feeling which that long-suppressed urge produced is now being consciously modified into the offer of a civilised neighbourliness – an offer which has yet to be fully taken up by a Russia still raw over the loss of empire, even though President Boris Yeltsin, more than any other leading Russian politician, gave the Baltic states the space within which to regain control of their nationhoods.

"We are between two big blocs still," says Mr Valdis Birkavs, the Latvian foreign minister.

"Our only guarantee of security is strengthening ourselves, not from the military point of view but in sticking to the right policies and making ourselves attractive to investment. The Singapore, or Hong Kong, of the Baltic, if you like. That is the only guarantee now – not one provided by the west."

Mr Birkavs has been the dominant figure in Latvian foreign policy for the past 18 months – as prime minister until the coalition that he led fell apart in the summer and then as foreign minister in the re-formed coalition from September. As prime minister, he suffered the loss of Mr George Andrejevs, then foreign minister, whose links with the KGB were revealed: the resignation strengthened Mr Birkavs's grip on foreign policy. Still the chairman of his party – Latvian Way, the main coalition partner as in the last government – he remains the leading strategist in the development of his country's delicate geopolitical niche.

The anti-Sovietism, and anti-Russian feeling, is now being consciously modified into the offer of a civilised neighbourliness

The disengagement from Russia has been – apart from an eruption of violence by Soviet special forces in Riga in January 1991 – peaceful, if fraught. This year, an agreement on the withdrawal of the remnants of the once numerous army contingent was initialled in March, signed in April and finalised in August – leaving the Skrunda radar base as the one remaining Russian military base.

Economic disengagement has been less complete, but is impressive. From an almost total dependence on the markets of and supplies from the Soviet Union – largely Russia – Latvian foreign trade is now 50 per cent oriented to the west. "We could," says Mr Birkavs, "make our entire orientation to the west and, as it were, shut up our borders with Russia. But it would be bad for us and bad for them. We face west but we also want the best relations possible with our neighbours. A successful and democratic Russia is our best hope."

Though Russia is at the centre of Latvia's "ostpolitik" it does not define it. Successive Latvian governments have striven to develop independence and strengthen relationships with Ukraine and Belarus – there are substantial Ukrainian and Belarussian communities within the 40 per cent of the community which is Russian rather than Latvian speaking – and with the Central Asian states of Kazakhstan and Uzbekistan.

The engagement with Europe has been over the past year a similarly rapid process. In February, the government signed Nato's Partnership for Peace programme, designed in part to provide a halfway house for states such as Latvia, anxious to strengthen military alliances with the west while allowing the Nato member countries to reassure Russia (also a member) that it was not being surrounded by a military bloc.

In late spring and summer, in a flurry of activity, Latvia initialled an agreement for associate partnership with the European Union; negotiated and signed a free trade agreement with the EU and passed an amended citizenship law – which by scrapping the system of small quotas of resident non-ethnic Latvians allowed to take citizenship each year – cleared the way for full membership of the Council of Europe.

Like the other two Baltic states, Latvia benefits from the patronage of the other Baltic countries which have been since the war securely in the western ambit – especially Germany and Sweden: Mr Carl Bildt, the latter's former prime minister, has been a strong champion of the three states' independence. Writing in the current issue of the journal International Affairs, Mr Bildt says that "the security of the Baltic nations needs to be assured by integration with the institutions of the west. The neo-imperialist forces in Russian political life must be contained by the process of democratic reform and partnership in international co-operation. If we succeed, it augurs well not only for the stability of this part of Europe but for Russian policy towards the rest of the world as well."

For Mr Birkavs, the achievements of this year must be followed, he says, by a period in which "Latvia prepares herself for full membership of the EU. We must no longer demand that Europe does things for us: we must make the reforms that will allow us to be a full partner."

Much has been achieved quickly – for three main reasons. First, Russia has been acquiescent because it had a democratic-minded president

Continued on page 3

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Privatisation: the industrial structure poses problems

Agriculture sets the pace

Privatisation to date has been acknowledged as slow: the challenge the government has set itself is both to speed it up and give it a strong enough institutional and popular base to sustain the process through what will inevitably be a tough period immediately ahead.

The industrial structure of Latvia was, if not hostile to privatisation, certainly discouraging. Agriculture was largely collectivised, with individual plots being very small. The country's industrial base was heavier than that in the other two Baltic states – reflecting in part a longer industrial tradition than either Lithuania or Estonia, especially round Riga, the main Baltic city. And it was more dependent on the Soviet Union for both supplies and markets, and less able easily to switch.

Latvia has also received a higher proportion of Russian immigrants than its two neighbours since the war and many of these were concentrated in the industrial enterprises – as workers and as managers. Parts became and remain non-Latvian enclaves.

The first privatisation efforts were directed at agriculture. From 1992, the land, hitherto largely collectivised, was split up into small plots, with the intention of encouraging a healthy smallholding class. However - as the figures for agricultural production show - the initial effect has been to cause production to decline sharply - as some 200,000 new proprietors struggle to produce, battling with a lack of appropriate machinery, with plots of an uneconomic size, and with insufficient surpluses to buy grains and fertilisers.

At the same time legislation giving former owners the right to reclaim land held by them or their families before the Soviet occupation, while justifiable both as a moral right and as an encouragement to active ownership, has further complicated landholding. It has also handed over land in many cases to absentee landlords and further fragmented the countryside.

"You have thousands of proprietors, many of whom can now only produce for themselves," says Juris Paiders, editor of Dienas Bizness, the main Latvian economics paper. "It means that you have actually taken land out of the market, not put it in."

In the rest of the economy, privatisation was handed over, in the first place, to the ministries which had, in the Soviet period, commanded the same enterprises, regulating their behaviour, appointing their management and passing on the plans and demands from Moscow. Municipalities were given the responsibility for shops and small businesses.

The latter privatisation, normally the easiest to achieve in post Communist economies, has gone ahead rapidly, especially in Riga's City centre – where the streets have been transformed by newly restored shops selling imported and native products and by a rich array of cafes and restaurants. There is a high proportion of joint ventures, with partners coming especially from Scandinavia and Germany.

The decision to hand over to the ministries control of the big privatisations has proved, however, a decentralisation too far and too soon. Privatisations were achieved, but went largely to existing management which brought in financial partners without effective oversight. The law provided that managers could lease their plant and buy it over a set period of years. Many are now doing this, though the collapse of production in the last two years has meant that they are doing so with great difficulty – especially where, as in many cases, exports went to the Soviet Union.

From 1992, the land, hitherto largely collectivised, was split up into small plots, with the intention of encouraging a healthy smallholding class

The traditional jewels of Latvian industry – such as the VEF electrical plant and the RAF small bus plant – were transformed from leaders to laggards overnight, and are now struggling to make themselves attractive to investors.

The previous government led by Mr Valdis Birkavs (now the Foreign Minister) decided last year to restructure a process clearly seen to be failing – and set itself the target of privatising 75 per cent of all state property by 1996."I want to speed up the privatisation process," says Mr Maris Gailis, the present premier. "There are worries that it will lead to high unemployment because it will demand more efficiency and there will be fewer bureaucrats, but we can do more in retraining. The problem was that many of these people worked under 100 per cent control of the state and the Communist Party. Now they have to realise that success comes only through their efforts."

Instead of a decentralised approach based on the ministries, the government decided to set up two institutions – a Privatisation Agency to put into effect the privatisations themselves, and a state property fund to manage the existing state portfolio. These are new bodies, and as yet untried.

Mr Janis Naglis, the general director of the privatisation agency, appears anxious to hurry – "we must do this fast. If we were to prepare everything scrupulously it would take us 100 years – we simply have to get it going."

Still, he has to work with several problems at once: firstly, there is no free sale and transfer of land; secondly, there is as yet no securities law and there is no functioning stock exchange – though an exchange is being prepared; and thirdly, the citizens all have vouchers issued some two years ago but as yet have nothing to spend them on.

Breaking through this circle of problems will inevitably bring some rough decisions. The way of doing so, developed by the government, Mr Naglis and the relatively large numbers of foreign advisers including those paid for by the European Union's Phare programme, the international financial institutions and USAID, is to put on the market, starting from this week, some 44 companies which have been more or less prepared for the market, and to invite international tenders for them.

As well as being offered to foreign investors, these companies will also be open to voucher privatisation on the part of Latvian citizens – though it appears to be unclear what proportion of the companies will be offered to foreigners and what proportion to domestic investors. The new executives in charge of the project are young and energetic, but conscious of an uphill struggle before them. "When I talk about privatisation to foreign companies," says Mr Uldis Vitolinsh, head of the Latvian Development Agency, "they have an image of two things – mafia and national conflicts. Wherever I go the first question is always: 'What problems do you have with the mafia?'"


Streets transformed: newly restored shops sell imported and native products

Though the vagueness of Latvia's privatisation programme is a problem, it is also an advantage – according to Mr Andrew Baldwin, a consultant working with the EU's Phare programme. "It is fortunate it has not chosen any particular prescription of privatisation. It can move forward in a more flexible and better-managed way than before."

Foreigners can take 100 per cent of an enterprise by law – though many will wish to retain a substantial Latvian shareholding, as those involved in the 5000 joint ventures do. (One third of these have Russians as the main foreign partner).

The agencies, and their foreign advisers, are now working with a number of Latvia's more attractive companies to make them ready for the market. These include the large Latviya Hotel; the Solo-Riga piano plant; the Latvia Shipping Company; and the creation of a joint venture between a Latvian airline and SAS, the Scandinavian carrier. Other companies, especially in the agrarian and wood business (where exports have been growing strongly) are also likely to be attractive.

The hard pounding which the state's economy has suffered since independence has depressed living standards and hit exports, as in other former Soviet republics. However, the pounding has had perverse benefits: it has been a testing school for revealing which enterprises have a core of real potential and a management team able to survive in chaotic conditions. And it has also shown that the economy, unlike Estonia's, will probably remain partly oriented towards Russia.

Thus, Latvia has much to gain from success in Russia. Where now its banks are a conduit for Russian flight capital, they can also be a means through which successful Russian companies can establish foreign affiliates, and reach out to Europe – especially if and when Latvia becomes a full member of the EU.

Latvia's selling point of being an intermediary between west and east has so far been two-edged. With greater transparency and a determined attack on crime it could work to its advantage, with the Russian and the Latvian privatisation programmes dovetailing.

Foreign connections: Lattelekom is partly owned by western companies

Business case studies: progress by Latvian companies

The sweet smell of success

■ Latvijas Finieris

Latvijas Finieris, a manufacturer of wood products and furniture, is quite clearly a success. Its managing director, the taciturn and shrewd Mr Juris Bikis chose to lease his company jointly with his fellow managers, under a system which allows them to buy the plant in stages from the state.

Until the late eighties it had served the Russian market, with more than two thirds of its output going to the east. Ten per cent of these sales were then re-exported to western markets through a centralised system "which meant we knew nothing about them, not where they went or what was paid for them," says Mr Bikis. Quickly grasping that the world was changing, Mr Bikis and his colleagues took effective control of the company and began making changes. Russian orders fell back substantially in 1990-91, and workers had to be laid off. They went in search of new markets – and found them in Britain, Finland and Scandinavia, forming joint ventures in the first two of these to aid marketing.

Exports now account for 95 per cent of output, which has risen steadily since 1992. The number of workers has risen to 1,700 – about the same as before the downturn in orders. The company, housed in three adjoining plants, has its head office in crumbling post-war buildings but inside young men and women sit at computer screens and handle the orders in several languages.

"It has been difficult," says Mr Bikis. "We had to implement very rapid changes. We worked as a team, otherwise we could not have done it. We are now getting young people especially trained for our needs. We make an agreement with a technical institute that when they first enter, they sign up with us. When they come out they are already trained.

"We created a marketing department where we had none before, and we sell through our own shops and to other companies. But we sell only our own brand: we won't make brands for other people.

"Capital is the most difficult thing to obtain. The risk is thought too great by most of the banks so we use our own profits as far as we can."

■ Laima

All around the factory, the air is heavy with a chocolate smell. Laima is one of the best known names in Latvia, famous for its dark bitter-sweet chocolate, made in Riga for 120 years. The plant was sold by its Latvian-Jewish owners before the war – and was then taken over by the state, in whose hands it has remained until now.

It became, once again, a share-issuing company last year – with over a third of the capital owned by the workers and the managers, another third by a Latvian company, Avellat, 20 per cent by the state and the rest by pension funds. Mr. Janis Zvanitajs, the general manager and the moving spirit behind the plant, says the management changed the way the company was run three years ago when it was clear that inflation was shooting up and previous markets were being closed.

Not only did markets disappear, however. The centralised supply system which had ensured all the necessary ingredients were more or less reliably assembled and despatched also went. As a result the company had to secure its own sources of supply – and made a disastrous contract with Uganda for cocoa, the non-delivery of which nearly ruined it.

With its protected markets removed, the company began to experience competition in its own domestic market as well. "The Poles are strong in the confectionery market, says Mr Zvanitajs, "and there is a big Lithuanian plant with. which we have to compete. More than 20 companies sell their chocolate brands here - including all the main ones, such as Mars and Rowntrees."

Laima fought back on the same grounds as the foreign companies: it introduced its own chocolate bar, a tangy, unusual tasting candy called Miks which tastes quite different from the Mars-Snickers products. The company is now capitalised at Lts1.9m and employs 650 workers – 450 at its central Riga factory and 200 more at various shops and depots which it runs throughout the country. "We have received many proposals from foreign companies: I think every one of the companies you could think of in our business has been here for talks. But we don't want to team up with anyone yet.

"The shares are still in the hands of the workers and the state. That can change, but not until it becomes more clear to us what we want to do, and then we'll think again".

■ Lattelekom

Among the most radical moves the Latvian state has made is to hand over its telecoms service to a foreigner. Though Lattelekom, the monopoly supplier of the telephone service to Latvia for at least the next 20 years, is still 51 per cent state-owned, the 49 per cent which is owned by the UK's Cable & Wireless and Telecom Finland provides much of the expertise, the capital for new equipment – and the managing director, Mr Gavin Jeffery.

The joint venture came into being at the start of the year. Western partners have invested $160m in equipment and cable, satellite dishes and switchgear – to provide a basic network for subscribers. This investment is enough for a three-year installation programme: thereafter, modernisation will be financed by earnings.

It will be, Mr Jeffery agrees, a delicate business. Subscribers have to apply for a new line, as if they were applying for a phone for the first time. They will then be charged for local calls (they are currently free, as was the case throughout the former Soviet Union) before any improvement in service arrives.

Lattelekom, because it is at the heart of the state provision and run by a foreigner, is an obvious target for nationalist politicians. "There certainly is suspicion of foreigners coming in and running the company," says Mr Jeffery. It's partly a linguistic thing – the people we work with had to speak Russian for 50 years, now they have independence and they have to learn to speak English because foreigners arrive.

"But the Latvian government has tried to make the transition as smooth as possible. There's a clause in the contract which says there will be no redundancies for three years – which gives us a chance to plan how to minimise the effect on staff."

Squeezed between two blocs

Continued from page 2

and because it has been too weak to be anything but acquiescent; second, the main world states which had never recognised the Baltic states' incorporation into the Soviet Union moved quickly once they felt they could to bolster independence; and third, because political forces with at least the tacit support of most the bulk of the Latvian population have remained in power and have been able to speed along a range of important agreements. But there is internal opposition: it has come in the first place from the powerful agricultural lobby, whose political voice, the Farmers' Union party, pulled out of the Birkavs-led coalition because it could not get stiff tariffs to protect farm produce – and that because the government was determined to bring customs policy in line with the Gatt and EU requirements. It remains a serious lobby – one which is increasingly vocal.

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In summer 1993 the main shareholders of the bank changed; it provoked also changes in managerial structure. Mr Youri Schetinin and Dr Dmitri Koval, experienced financial managers, founders of financial corporation PAREX, became managers of the bank. Due to these changes, reorientation to another category of customers took place. Mainly export, re-export, energy resources, metal, chemical and wood industries became the target customers. Corresponding accounts with banks in biggest industrial centres of Russia, CIS and Baltics were established. Short term credits of international trade operations, forex dealing, currency exchange and Documentary Credits were the main sources of profit for the bank. Rapid growth started at the beginning of 1994 when the bank reached No 15 in the rating of Latvian commercial banks (before changes it was only 48). The bank has placed great importance on the selection of qualified personnel.

20 September, 1993 share capital of the bank was increased to LVL 500,000 (as of 1 August, 1994 LVL 1 = USD 0.545). Number of bank's clients and total turnover and average volume of operations increased respectively more than 20 times. New computer software was implemented allowing our customers to perform financial activities from their offices. Reconstruction of bank's head office (medieval building of 16th century) building was finished this year.

Bank's trend is orientation to advanced technology. In spring of this year the Bank was connected to Reuters. The Bank actively performs dealing operations through Bankers Trust Co. and major European banks.

In December, Saules Banka will be fully connected to SWIFT network. The UNIX software product based (on IBM RS/6000 C10) SWIFTAlliance was purchased and installed. As a result of rapid growth, in September 1994 the Board of Directors has decided to increase the share capital of Saules Bank up to LVL 3,000,000 (about USD 5.5 mio.).

Also in September, Central Bank of Russia approved the opening of a representative office in Moscow. Saules Banka has representative offices in Minsk, Kiev, Dnepropetrovsk and S. Petersburg.

Latvia is one of the most successful markets for payment plastic cards among new regions Europay and VISA is entering. There are already 8 Latvian banks who are members of international payment card organisations. More than 2000 international credit cards have been issued during the last one and half years. Several domestic cards have been introduced and issued. Saules Banka is going to issue its own gold and mass Eurocard/Mastercard later this year after testing its equipment. At the beginning of next year, Saules Banka is going to implement its ATM and POS terminals project.

Saules Banka is increasing its correspondent banking network in Western Europe and North America. Many foreign banks have chosen Saules Banka as their Correspondent bank in Latvia (including Societe Generale, Privatbank etc).

Already today the head office of the bank is full to capacity. Therefore, 2 branches in Riga have been opened and an additional one will be opened by the end of this year. They will offer a full range of bank's products and services. A business plan for opening branches in other cities of Latvia has been developed.

Summarising, we can conclude that the bank is investing in infrastructure and building a technological and intellectual base for future development and success.

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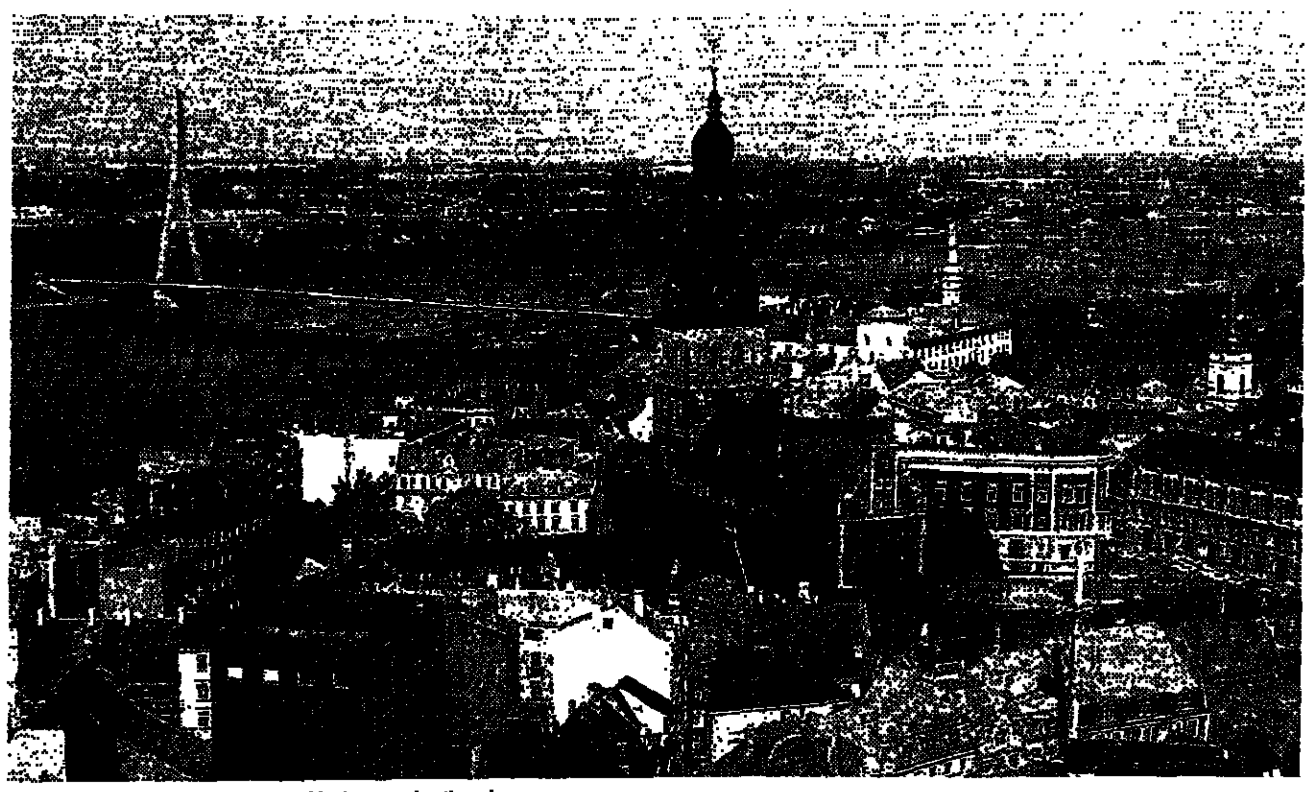
A guide to Riga for the business visitor

Commercial life returns



Much of the old town is now bright with shops and eating places

Riga has changed greatly in the 1990s. Its beauty had been hidden and decayed; it was comfortless for the traveller; and the points of contact were grimly official. Independence has not yet brought it wealth, but it has begun to open the city up as local and foreign entrepreneurs revive its commerce and cafe life.

The city is fuller with restaurants, bistros and cafes than any other in the former Soviet Union. The old town streets are now bright with newly-opened shops and eating places. Its culinary traditions were damaged by the Soviet period but have not disappeared. If there is nothing of the first rank, there are, nevertheless, places to eat which are pleasant and generally quiet.

Hotels are reasonable and courteous. The two big Soviet era hotels – the Riga and the Latvia – have been substantially remodelled and offer basic business services. For luxury, there is the Hotel de Rome, just on the old town's borders.

The city has retained orchestras, an opera house (currently under repair) a musical theatre and many cinemas, which mainly show US films. It has some 20 museums including a splendid motor vehicle exhibition which includes one of Leonid Brezhnev's many cars. The Riga Circus is one of the oldest permanent shows in the world and has very funny clowns and great trapeze and balancing acts. The animal acts are indifferent.

All the main countries have embassies in Riga and all appear anxious to assist the visitor who wants to do business. In addition, the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development and USAid all have active offices and programmes. The European Union's Phare programme is particularly active.

Hotels in the city are reasonable and courteous. The two big Soviet era ones, the Riga and the Latvia, have been substantially remodelled and offer basic business services. For luxury, there is the Hotel de Rome

The Latvian Development Agency is the government institution created to assist the business visitor. It publishes a Latvian Business Guide, an Export Directory and a monthly newsletter called *Business with Latvia*. It is a good place to start. It will soon have new offices, but its present numbers are (3712) 288842 phone and (3712) 282524 fax, and its enquiries manager is Ms Maira Vesmane.

The government has created a department for working with foreign donor organisations, headed by an energetic young minister, Ms Indra Samite. She has developed a National Indicative Plan, which seeks to order ministries and departments' priorities and to make them communicate their needs to the donors. Initial assistance was often misdirected and even harmful – especially grain credits, which were given to prevent a supposed famine which was never remotely likely. This must now be repaid.

Latvians are used to speaking other peoples' languages: nearly all speak fluent Russian, and many speak some German or English. French and Spanish are less known. Interpreters are available through hotels.

The airport, until recently a wreck, has been partly modernised and is adequate. Latvian Air operates a range of services; SAS, Lufthansa, Finnair and CSA each have several flights weekly; Aeroflot is less evident, but still runs flights to and from Moscow, as does the new Russian airline Transaero (which has a Riga-London flight). Taxis usually run on a meter but some do not, and tend to overcharge.

The main religion is Lutheran, followed by Russian Orthodox. There is a large colony of Old Believers. The Roman Catholic community is large enough for the Pope to have made a visit. There is an Anglican Church, and a synagogue in the old town attests to what had been a large Jewish community, while a vast memorial at the concentration camp outside Riga and the mass graves in the forests show what happened to a large part of that community - and to thousands of Latvians, Russians and others.

Society: relations with the Russian-speaking minority remain a matter for concern

Nationalist parties' appeal increases

The largest issue in Latvia over the past three years of its independence has been the intertwined themes of its ability to establish independence from the former Soviet Union, the success of its efforts to secure the removal of the remaining Russian divisions from its territory and the construction of a relationship with its large Russian speaking minority, most of whom are not yet full citizens of the state.

Many Latvians, especially ministers and leading officials, say they find concern in the western media on this issue alarmist, a view held strongly by, for example, Ms Indra Samite, minister for external resources. A Latvian American who settled in Latvia three years ago, she says she has never been able to square the headlines with the tranquillity of the real situation.

This points to a real and important misconception, if not quite the one which Ms Samite and her colleagues have in mind. It is true that, since January 1991 when Soviet special forces opened fire on and killed Latvian protestors in Riga, no blood has been spilled, all demonstrations have become smaller and neither Latvian nationalists nor Russian secessionists make much of a splash on the political scene.

The headlines were often overdone but they point to a continuing and potentially tormenting problem for the Latvian state – how a stable state is to be built in a country where a large minority do not speak the majority language, do not share the culture, were part of the colonisation of the country and at least acquiesced in the repressions it suffered after the war, and may constitute a potential "fifth column" for a future Russian expansionist leader.

Although this concern has no present means of expression, it is not to be wished away by reference to the present calm. It will require vigilance and active policies if the calm is to remain.

Firstly, if the issue is dormant in Latvia, it has not been in so Russia. Mr Boris Yeltsin has several times raised in international forums the issue of the suppression of ethnic Russians' civil rights in Estonia and Latvia, while Mr Andrei Kozyrev, the Russian foreign minister, has talked of "ethnic cleansing" in these two Baltic states.

A survey of attitudes among Russian military officers undertaken earlier this year by the German Friedrich Ebert foundation found that they considered Latvia to be the country most hostile to Russia – including the US, Germany and Turkey. Earlier this month, Mr Sergei Baburin, the strongly nationalist Russian politician, visited Riga to speak to a Russian society. Latvia's independence is officially recognised but, it seems, still resented and its attitude to Russians feared and distrusted.

Latvian children in national costume

Within Latvia, matters look different. No Latvian city of any size has a Latvian majority – reflecting the huge (in relative terms) shift of Russians to the urban centres of Latvia after the war, when the state was embedded into the Soviet system. In Riga, Russian is heard more often in the streets than Latvian, and although it has been three years since independence, it is the Latvians who are expected to switch to Russian when the need arises, not the reverse.

A survey of attitudes among Russian military officers, undertaken earlier this year by the German Friedrich Ebert foundation, found that they considered Latvia the country most hostile to Russia

Yet, the Latvian parliament in summer passed a citizenship law which will allow all but those Russians suspected of crimes against the state to seek naturalisation as full citizens over the next five or six years. It seems that the new government – fearful of being excluded from the European Union if it clings to previous legislation restricting the numbers of new citizens to 2,000 a year (ensuring that Russians were naturalised slowly, if ever) – has accepted that the "occupiers" can be citizens.

This causes resentment: the parties of the nationalist right, which appear to be increasing their appeal, still demand the "three Ds – de-occupation, de-colonisation and de-Bolshevisation", according to Mr Nils Muisnieks, head of an ethnic study centre financed by the Soros Foundation. Mr Lauris Gondars, a leading theatre and film director, says that in the cultural sphere, "the Latvians and the Russians have their separate worlds and they do not really touch".

However, says Mr Muisnieks, the accord between Russians and Latvians is real. "There really is a low level of conflict, and the interesting question is why? I think one of the reasons is that the non-Latvians are like many immigrants: they are politically passive, and economic rights are what matter to them.

"Many Russians have benefitted from the growth of the financial sector and the growth of corruption: corruption has mitigated the ethnic problem. If you want to stay and you haven't got a passport you can buy one: if you need a piece of paper saying you are proficient in Latvian, you can buy one.

"The rhetoric is noisy – but look at how many mixed marriages there are (one in five, more than in any other former Soviet republic). Besides, the Latvians are now in government, in culture, in the country: the Russians are in finance and industry – so you don't have economic competition."

Ministers tend to see the issues less cynically. Mr Valdis Birkavs, the foreign minister, says that the Russians now see the country as more pleasant to live in than Russia, while Mr Maris Gailis, the prime minister, points to the lack of ethnic-based politics as a triumph of Latvian tolerance and civilisation.

Yet, though their pronouncements are much more moderate than the sharpness of some of their Estonian colleagues' relations with the Russians, there remains among ministers and politicians a wariness at official level at least – a wariness which the rise of Russian nationalist politicians in the past year has done everything to sharpen.

The best guess is that the calmness in this crucial relationship will hold. If next year sees a steady trickle of Russians being registered as citizens, if the marked trend towards Russian-speaking children being sent to Latvian schools in order to learn the language continues, if Russian rhetoric remains merely words and the Latvian nationalists are likewise satisfied with speeches, then the two communities can probably live in peace, if not in total harmony.

Latvia's traditions – as the rich history of Riga shows – are those of a multicultural state, where German, French and Russian were all spoken as much as Latvian in earlier years, before it came in from the country to become the language of the nation.

When Latvians have grasped again the reins of state power, they will need to re-fashion that multicultural heritage in new conditions if they are to avoid the communal backlash which other states, less fortunate and less tolerant, have experienced at the end of empire.

Population

	1990	1991	1992	1993
Population (million)	2.667	2.667	2.667	2.606
by nationality %:				
Latvians	52.0	52.5	53.5	54.2
Russians	34.0	34.0	33.5	33.1
Belorussians	4.5	4.4	4.2	4.1
Ukrainians	3.5	3.4	3.2	3.1
Poles	2.3	2.2	2.2	2.2
Others	3.7	3.5	3.4	3.3
Marriages per 1,000	23.6	22.3	18.9	14.8
Divorces per 1,000	10.8	11.1	14.6	10.3
Births	37,918	34,633	31,569	26,769
Deaths	34,812	34,749	35,420	39,197
Immigration	32,285	14,684	6,199	4,114
Emigration	40,991	25,480	53,130	31,998
Population change	–5,600	–10,912	–50,782	–40,322
Life expectancy				
at birth,total	69.5	69.5	68.7	67.2
Men	64.2	63.8	63.3	61.6
Women	74.6	74.8	74.8	73.8

Source: Latvian government

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LONDON STOCK EXCHANGE

MARKET REPORT

Profit-taking triggers small setback in equities

By Steve Thompson

London's equity market ran into the expected bout of profit-taking yesterday, but was also slightly unnerved by an uncertain showing from gilt-edged securities and a general round of weakness across international markets.

The weakness across European markets spread to Wall Street, which opened on a lacklustre note and continued to lose ground after London closed, when it was showing a fall of 24 points on the Dow Industrial Average.

The FT-SE 100-share Index finished another lively session 19.0 lower at 3,127.5. The second line issues were much quieter and more resilient than the leaders, with the FT-SE Mid 250 Index settling a net 6.2 down at 3,576.6.

Dealers described yesterday's action as a "consolidation" rather than a poor performance, pointing out that the FT-SE 100 had risen more than 70 points since the start of the week and in the face of a steep rise in US interest rates.

"Although there was a flurry of selling in the late afternoon, it never felt as if the market was going to crack on the downside," said one leading trader.

He added that the London market would probably continue its consolidation phase today but that short term the outlook remained positive. "I feel we will make good progress next week and we could well test the 3,200 level," he said, although he noted the strong resistance in the market as the Footsie moved above 3,155 on Wednesday.

That view was mirrored elsewhere. A technical analyst at one of the big UK intergrated houses pointed out that volumes in futures trading on the two sharply advancing days this week were more than twice the level of yesterday, indicating that the momentum factor was strongly on the upside.

The FT-SE 100 opened marginally easier and made a half-hearted attempt to go better, reflecting Wall Street's resolute performance overnight. The move quickly ran out of steam, however, and share prices slipped away as news of stagnant retail sales in October, confirming similar evidence from last Monday's Confederation of British Industry survey, filtered into the market.

Analysts said sentiment had been additionally affected by the latest political unrest in the government which resulted in the prime minister threatening to call a general election unless the Euro rebels in the Tory party came to heel.

Thereafter there was virtually no respite for the market, with prices drifting back, ignoring intermittent bouts of support, and then moving decisively lower as US markets lost ground.

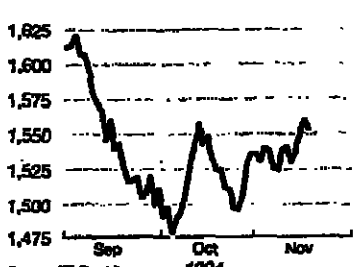
The dollar was seen as the main cause of the weakness on Wall Street, falling sharply in spite of another batch of economic data pointing to deflationary pressures in the US. The fall in US housing starts and a surprising decline in the Philadelphia Federal Board index bemused analysts.

Turnover yesterday was well down from the buoyant levels of Tuesday and Wednesday, reaching 702.6m shares, with non-FT-SE stocks making up a high 65 per cent of that total. The 702m was inflated, however, by a long list of bed and breakfast, or tax-related, deals, which accounted for turnover of well above 60m shares, or getting on for 10 per cent of the total.

The merchant banks with big market operations were among the best performers yesterday. S.G. Warburg, the UK's flagship investment bank, raced higher again, but closed well off the day's top as dealers said the rise was more a reflection of the break-up value of the bank and a strong push by one leading broker, rather than any substantial takeover rumours.

Builders merchants were the market's biggest casualties as Meyer International caused widespread glooom in refusing to increase its interim payment and preaching caution on second-half prospects.

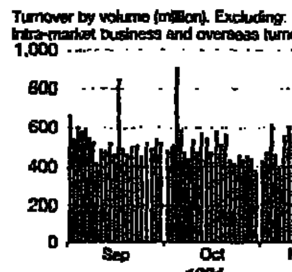
FT-SE-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3127.5	-19.0	FT Ordinary index	2406.7	-11.9
FT-SE Mid 250	3576.6	-6.2	FT-SE-A Non Fins p/e	18.76	(18.84)
FT-SE-A 350	1568.7	-8.0	FT-SE 100 Fut Dec	3135.0	-16.0
FT-SE-A All-Share	1553.02	-7.18	10 yr Gilt yield	8.66	(8.63)
FT-SE-A All-Share yield	3.92	(3.90)	Long gilt/equity yld ratio:	2.23	(2.23)

Best performing sectors		Worst performing sectors	
1 Merchant Banks	+1.1	1 Building & Construc	-1.6
2 Electricity	+0.4	2 Diversified Inds	-1.5
3 Household Goods	+0.3	3 Tobacco	-1.3
4 Distributors	+0.3	4 Spirits, Wines & Cider	-1.1
5 Textiles & Apparel	+0.3	5 Building Materials	-1.1

Chemical margin fears

Chemicals group Courtaulds fell sharply after a leading agency broker turned cautious ahead of interim figures due next week, highlighting the surge in raw material prices.

Spot prices for the chemical used to make acrylic fibre has risen by almost 50 per cent since the early part of the year, and wood pulp, which is the basis for about a third of Courtaulds' sales, has doubled.

Courtaulds buys materials on a less volatile contract basis, but James Capel said spot prices are an indicator of the general trend. Analyst Mr David Ingles commented: "This margin pressure is real and we have to get over that before we can be more positive." The shares fell 14 to 450p.

Builders crumble

Building materials and construction shares, one of the stock market's more visible Cinderella sectors, ran up against further negative news following disappointing interims from timber specialist Meyer International and cautious annual meeting statements from housebuilders Barratt Development and Raine.

Meyer tumbled 44 to 359p. The company's interim profits fell short of analysts' estimates but it was the warning about a second-half squeeze on sales that triggered the sell-off.

UBS reduced its estimate of full-year profits from £56m to £55m and, more significantly, came down to £67.5m from an earlier £72.5m for next year. Other builders merchants suffered in the backwash. Plumbing groups Wolseley and Travis Perkins fell 12 apiece to 778p and 288p respectively.

In spite of a 16 per cent rise in final completions for the first four months of this year, Barratt eased 6 to 173p as the market focused on what the annual meeting had to say about generally weak housebuilding margins. Raine retreated 4 to 47p and Beazer slipped 5 to 135p.

Willis rumours

Takeover talk in the insurance broking sector refuses to go away and yesterday saw Willis Corroon, one of the sector leaders, move ahead 8 to 146p in spite of a sharp slide in interim profits.

Once again, the word among the dealers was that HSBC, the Hong Kong bank which until earlier this year had a 6 per cent stake in Hogg Group, was interested.

Speculation has been fuelled by the recent takeover of unlisted Jenner Fenton Slade. However, there was also a boost from a Willis statement that it would reduce costs by £30m without hitting earnings. The group is expected to sell property and make staff cuts. HSBC shares fell 7 to 755p. Elsewhere in the sector, bid talk also surrounded C.E. Heath, 8 higher at 248p.

Electricity generator National Power was one of the day's strong market features after the group surprised the market with news of a share buy-back scheme.

The shares closed 8 ahead at 511p as the market celebrated the announcement that National Power intends to buy back between 6.5 and 8 per cent of its share capital when the government sells its remaining 40 per cent stake early next year.

The news, which came with publication of better than expected interim profits, had not been expected until after the government sale.

However, there were reports of concern among several institutions about the tax implications of the move. Sentiment was also dampened in some quarters by the 16 per cent increase in the dividend which paled alongside the 26 per cent increase offered by PowerGen earlier this week. Powergen put on 3 to 564p, in trade of 4.3m.

High street bank Barclays fell 12 to 604p after Morgan Stanley moved to "hold" from "buy". The US house left its current profit forecasts unchanged but argued that the recent outperformance prompted by heavy switching within the sector had left the shares fairly valued.

News that pharmaceuticals group Glaxo is to strengthen the warning on the US packaging for its new Asthma drug Serevent affected the shares which dipped 10 to 615p. However, most of the weakness reflected profit taking on a slight dip in the dollar and rivals Zeneca and Wellcome retreated 14 to 851p and 12 to 660p respectively.

A large block of Fisons shares traded at well below the underlying market price caused some nervousness but it was seen to be nothing more than a tax related deal and the shares recovered to close a penny higher at 127p.

The buy back spotlight moved to retailer Argos. The shares advanced 3 to 357p, with volume just short of a million shares, as whispers that the company will announce such a scheme began to circulate.

The stock was also said to have been favoured by institutions looking for a home for cash received from the sale of Boots stock earlier this week. Marks & Spencer 2 ahead at 412p, was also said to be a safe haven for such proceeds. Profit-taking in Boots saw the shares slip 2½ to 514½p.

J Sainsbury was said to have benefited from recommendations from UBS and James Capel. The shares added 4 to 424p.

BTR remained active turning over 9.7m shares as a major securities house attempted to offload a large line of stock. The shares ended 8 lower at 306p.

Hardware and car components maker FKI was number two in the day's active stocks list. Turnover soared to 8.9m as the shares first fell then recovered smartly on confusion with the exceptional items within the interim results.

They closed 5 higher at 167p with the market finally settling for a positive view, centred around FKI's claim to dollar-play status with 70 per cent of turnover arising in the US.

Turnover in leisure group Ladbroke rose to 10.4m(including a single block of 8m) as the other side of the a tax related deal was executed. The shares moved against the market trend to finish 4 up at 161p.

Better than expected interims from Whitbread prompted a number of forecast upgrades - NatWest Securities raised its forecast by 5 per cent to £260m. However expectations that the brewer will soon announce a corporate deal, perhaps the acquisition of Courage from Australian group Fosters, overshadowed the stock which finished 3 lighter at 551p.

Smith New Court were the day's main sellers of Allied Domecq. Smiths downgraded earnings expectations by 2 per cent for the current year and next year and moved to a hold from a buy previously. The shares fell 11 to 600p.

Disappointing figures from Hardy Oil & Gas saw the shares drop 9 to 141p.

MARKET REPORTERS: Peter John, Joel Kibazo, Jeffrey Brown.

■ Other statistics, Page 21

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (30). BANKS (1) Banco Bilbao Vizcaya, BREWERIES (1) Regent Inns, CHEMICALS (1) Amber Industrial, DISTRIBUTORS (3) Adam & Harvey, Middlesex, Trifast, ELECTRNC & ELECT EQUP (3) Ericsson (LM), Motorola, Nokia Prf., [illegible] ... TRUSTS (3) LEISURE & HOTELS (3) Alpha Airports, Prism, Quadrant, MEDIA (6) Holmes Marchant, Osprey, Quarto, Do 8¾p Prf., Sterling, WMGO, OIL EXPLORATION & PROD (2) Command, Pict, OTHER FINANCIAL (3) Govett & Co., Towry Law, PRTNG, PAPER & PACKG (1) Bemrose, PROPERTY (3) MEPC, Peel, Warner Estate, RETAILERS, FOOD (1) Geest, RETAILERS, GENERAL (3) Fine Art Devs., Liberty, Partridge Fine Arts, SPIRITS, WINES & CIDERS (1) Seagram, SUPPORT SERVS (3) Mays, Spargo, Warner Howard, TEXTILES & APPAREL (4) Baird (W), Beckman (A), Readicut, UK Safety, TRANSPORT (1) Mersey Docks & Harbour, AMERICANS (3) Bankers NY, Bethlehem Steel, Honeywell.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures moved lower, but there was little real sense of direction to the session and trading volume was low, writes Jeffrey Brown.

The FT-SE 100 December contract was standing at 3,136 when pit trading came to an end, down 16 points, eroding some of the advance of 79 points recorded over the previous three days.

At this level the premium to the cash market was 9 points, while the fair value premium was just above 7 points.

Trading was mostly uneventful. Two-way business was thin at best and dealing sizes narrowed sharply. Contracts dealt tailed off steeply from the high levels of the previous two sessions.

Volume was 10,522 contracts, but more than 3,000 of these were pushed through in the final 30 minutes of official trading. Some 16,000 lots were traded on Wednesday, while Tuesday's number came close to 20,000.

The fitful nature of the day was reflected in a trading arc of 40 points, with the December contract fluctuating between a low of 3,125 and a best of 3,165.

Traded option volume also declined, moving down from Wednesday's 56,430 contracts to 30,506. FTSE and Euro FT-SE trading accounted for less than 20,000 lots.

HSBC was the most active stock option with a modest 800 lots, followed by Barclays and Vodafone.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3163.0	3135.0	-16.0	3165.0	3125.0	11252	55239
Mar	3171.0	3151.5	-16.0	3171.0	3161.0	44	4763
Jun	3192.0	3173.0	-16.0	3192.0	3192.0	50	95

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Dec	-	3595.0	-7.5	-	-	0	4165

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Dec	-	3585.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3128) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	882	333	
ASDA Group†	7,600	65¼	
Abbey National†	1,500	420	-4
Albert Fisher	3,000	43	
Allied Domecq†	1,900	600	-12
Anglian Water	1,000	505	+1
Argos	951	357	+3
Argyll Group†	1,200	271	-3
Arjo Wiggins†	2,300	276	+1
Assoc. Brit. Foods†	188	557	+4
Assoc. Brit. Ports	3,400	278	+3
BAA†	2,100	492	-7
BAT Inds.†	5,900	481	-5½
BET	7,000	105	-1
BICC	259	350	-2
BOC†	185	723	-4
BP†	4,600	427	-½
BPB Inds.	130	310	
BT†	4,800	390	-1½
BTR†	9,700	306	-8
Bank of Scotland†	2,000	217	-1
Barclays†	6,500	604	-12
Bass†	1,000	534	-7
Blue Circle†	1,800	309	+1
Booker	158	411	
Boots†	1,100	514½	-2½
Bowater†	212	459	
Brit. Aerospace†	173	465	-8
British Airways†	3,700	385	-1
British Gas†	7,700	302½	-2
British Land	763	395	+7
British Steel†	3,400	157	
Bunzl	83	187	
Burmah Castrol†	121	861	-2
Burton	5,200	73	+2½
Cable & Wire†	5,800	397	-2
Cadbury Schweppes†	3,700	439	-1
Caradon†	3,000	264	-9
Carlton Comms.†	992	889	+1
Coats Viyella	4,000	202	+1½
Comm. Union†	1,500	533	-15
Cookson	865	240	-8
Courtaulds†	1,400	450	-14
Dalgety	133	423	
De La Rue†	563	1012	-2
Dixons	1,700	187	-½
Eastern Elect.†	1,000	810	
East Midland Elect.	1,000	630	-3
Electrocomps	73	473	+1
Eng China Clays	821	347	+2
Enterprise Oil†	99	379	-1
Eurotunnel Units	498	263	-9
FKI	10,000	168	+6
Fisons	3,700	127	+1
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

FT-SE Actuaries Share Indices — The UK Series

[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	6	47	18
Other Fixed Interest	0	0	14
Mineral Extraction	43	82	71
General Manufacturers	118	158	354
Consumer Goods	40	39	108
Services	86	87	321
Utilities	13	18	13
Financials	73	97	194
Investment Trusts	66	59	340
Others	31	46	39
Totals	476	633	1472

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	November 7	Expiry	February 9
Last Dealings	November 18	Settlement	February 20

Calls: Kenmare, Magnum Power, Rodime, Signet, Tullow Oil. Puts: Alvis, Tadpole Tech, Magnum Power.

LONDON RECENT ISSUES: EQUITIES

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	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£22⅞	+⅛	£25⅝	£19⅝	8,841	5.0	♦
ANZ A$		175	-2	278¼	171	2,329	6.5	28.2
Abbey National	†N□	420	-4	523	380½	6,510	4.8	14.7
Allied Irish I£	♣†N□	281	—	314	233	1,873	5.0	9.6
Anglo Irish I£	N□	54	—	70	50	185.8	8.0	9.9
Asahi Y	□	665¼	-6	819¼	628	16,472	0.7	♦
Banco Bil Viz Pta	□	£16⅝	+⅜	£16⅝	£14⅛	3,888	4.9	7.5
Banco Sant Pta		£27⅛	—	£30½	£23¾	4,084	5.3	9.5
Bk Ireland I£	♣†N□	288	+3	318	246	1,389	5.0	8.4
Bank Scotland	♣†N□	217xd	-1	247	172½	2,932	3.1	12.2
9¼pc Pf		108½xd	+¼	141½	106	108.6	10.7	–
9¾pc Pf		113½xd	+¼	148½	111¼	113.5	10.7	–
Barclays	♣†N□	604	-12	648	487	9,845	3.4	18.6
Dai Ichi Kan Y	□	£11⅛	+⅛	£12¾	£10⅛	34,738	0.5	–
Deutsche DM	□	£307⅞	+⅛	£344⅛	£270⅛	14,629	2.2	–
Espirito Santo	□	£8⅞	-⅛	£13⅛	£7¾	183.4	4.4	4.3
First Nat Fin	N□	88	—	90	60	111.4	2.8	–
6.3pc Cv Pf		72	—	98	70	4.84	10.8	–
7pc Cv Pf		123	-1	171	123	58.4	7.1	–
Fuji Bank Y	□	1298¼	+1	1540¼	1152½	37,842	0.4	♦
HSBC HK	†N□	755xd	-8	1133	680	13,212	4.1	10.9
HSBC (75p Shs)	†N□	755xd	-7	1113	680	6,425	4.1	10.9
Lloyds	†N□	580	+1	660	519	7,652	4.9	11.8
Mitsubishi Y	□	£14⅛	+⅛	£16⅞	£13⅛	41,382	0.4	♦
Mits Tst & Bk Y	□	880¼	+½	1162¼	687½	18,315	0.6	13.4
Mitsui Tst & Bk Y	□	650½	-22¼	879	514	7,794	0.8	21.5
Nat Aust A$	†	487	-14	620¼	472	6,853	5.7	10.4
NatWest	†N□	529	-2	622	421	9,051	4.6	9.8
Ottomane FFr		£21¼	—	£33	£21¼	108.2	6.8	♦
Ryl Bk Scotland	♣†N□	449	—	528	377½	3,596	3.9	20.3
Sakura Y	□	£8⅛	+⅛	£9⅞	£8⅛	28,000	0.7	51.2

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

LEISURE & HOTELS

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

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PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32	+¾	£32	£13½	2,886	2.3	23.5
Barlow	♣	£5¼	—	£6½	£3¾	1,017	2.0	Φ
Gold Flds Prop R		116	—	128	75	12.1	7.9	Φ
NK Props		98	—	98	85	3.94	12.3	—
SASOL	♥	583	—	392	280	3,063	2.7	—
SA Brews	†	£15¼	—	£16½	£10	4,232	1.9	23.6
Tiger Oats		713	—	838	538	1,872	2.1	Φ
Tongaat-Hulett	†h	675	—	*695	355¼	615.2	2.1	19.5

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is *indicated after the name.*

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared *distribution and rights.*

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the *most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.*
- • Highs and lows *marked thus have been adjusted to allow for rights issues for cash*
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ *Free annual/interim report available, see details below.*
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated *non-listed companies.*
- ‡ Price at time of suspension
- ¶ *Indicated dividend yield after pending scrip and/or rights issue.*
- ♦ Merger bid or *reorganisation* in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on *prospectus or other* official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

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CURRENCIES AND MONEY

MARKETS REPORT

US dollar slips as benefit of rate rise fades

The foreign exchange markets took a post-Fed breather yesterday as the after-shocks from Tuesday's rise in the Federal Funds rate started to fade, *writes Philip Coggan.*

The US dollar lost some more of the gains it made in the wake of the 75 basis point rise in rates, which was higher than market expectations.

Neither US economic data, nor a report from Germany's "wise men" saying there would be no further rate cuts, had much impact on the market.

■ Sterling managed a slight rally, with the trade weighted index finishing at 79.8 from Wednesday's 79.7. Against the dollar, the pound edged up in London to $1.5742 from $1.5713 while against the D-Mark, it fell slightly to DM2.4368, from DM2.4371.

Overall, the pound is well down on its recent trade-weighted peak of 81, which came after a strong rally from below 79 following September's increase in base rates from 5.25 per cent to 5.75 per cent.

Yesterday's weaker-than-expected UK retail sales data appeared to confirm the impression left by Wednesday's mass of economic statistics – that an imminent interest rate rise was unlikely.

Short sterling continued its recent rally, with the March future rising 5 basis points to 93.00 and the December contract up 4 basis points to 93.73. Nevertheless, analysts still think the markets are overestimating the potential for an early rate rise.

Mr Adrian Cunningham, senior currency economist at UBS, said "The retail figures were another nail in the coffin of the interest rate bears. People are not now expecting the authorities to raise interest rates ahead of Christmas."

The pound has also been affected by political uncertainty arising from prime minister Mr John Major's battle with Eurosceptics over the increased UK contribution to the European Union Budget.

Mr Michael Burke, an economist at Citibank said: "Against a background of higher US interest rates, sterling has come off quite substantially. If there is to be capital flow from Europe to the US, sterling is more likely to suffer than a hard currency like the D-Mark."

However, Mr Burke feels that an upward revision to the GDP data, published today, might take some of the shine off interest rate optimism and give support to sterling.

Mr Avinash Persaud, head of currency strategy at J P Morgan in Europe, believes the pound can climb over DM2.50, once the European Union Finance Bill is passed and the Budget is out of the way.

■ Yesterday's varied economic data – October housing starts, the latest weekly jobless claims and the Philadelphia Fed index – seemed to have little impact on the dollar. Against the yen, the US currency eased to Y98.145 from Y98.38 on Wednesday, while it dropped to DM1.548, from DM1.551 against the D-Mark.

The German independent council of economic advisers, known as the five wise men, predicted an average exchange rate of DM1.60/$ in 1995, implying a dollar rebound from current levels.

Yesterday, the dollar was not helped by the weaker Treasury bond market. In early US trading, the 30 year bond slumped around three-quarters of a point.

J P Morgan's Mr Persaud says "the key condition for the dollar to recover is for US investors to feel more comfortable buying Treasury bonds." At the moment, he believes "the market is genuinely uncertain whether the Fed has done enough. But ultimately the market will conclude that the Fed has injected credibility into monetary policy."

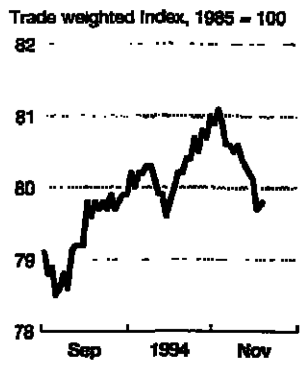
However, Mr Charles Ranald, managing director of the foreign exchange analysis group Forexia (UK), said that charts indicate that the dollar is heading down towards DM1.53 in the short term. After a period of consolidation at that level, he believes it will then move to DM1.50 and below.

■ The Irish punt took the resignation of the prime minister, Mr Albert Reynolds, in its stride, finishing slightly higher against the D-Mark at DM2.396 from DM2.386 on Wednesday. "Nobody really believes that a new government would alter the shape of economic policy" said Mr Cunningham at UBS.

■ The Bank of England gave the UK money markets £825m help in two tranches, having forecast an £800m shortage. Overnight rates traded within a range of 5 to 4.25 per cent.

Sterling

Trade weighted index, 1985 = 100



Source: Datastream

■ **Pound in New York**

Nov 17	Latest	Prev. close
£ spot	1.5755	1.5735
1 mth	1.5754	1.5735
3 mth	1.5754	1.5734
1 yr	1.5725	1.5690

■ **OTHER CURRENCIES**

Nov 17	£	$
Hungary	171.697 - 171.920	109.090 - 109.190
Iran	2751.00 - 2754.00	1748.00 - 1750.00
Kuwait	0.4703 - 0.4716	0.2988 - 0.2995
Poland	37230.6 - 37292.0	23655.0 - 23685.0
Russia	4961.90 - 4965.60	3152.00 - 3155.00
U.A.E.	5.7776 - 5.7893	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Nov 17		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.1438	-0.0156	366 - 510	17.2037	17.1145	17.1395	0.3	17.1276	0.4	-	-	115.2
Belgium	(BFr)	50.1100	-0.0452	925 - 274	50.2500	50.0520	50.08	0.7	50.01	0.8	49.87	0.5	117.0
Denmark	(DKr)	9.5287	-0.0009	245 - 328	9.5375	9.5039	9.5262	0.3	9.541	-0.5	9.5205	0.1	116.9
Finland	(FM)	7.4719	+0.0404	626 - 812	7.4890	7.4200	-	-	-	-	-	-	88.4
France	(FFr)	8.3720	+0.0025	692 - 748	8.3807	8.3488	8.3699	0.3	8.3622	0.5	8.2941	0.9	109.8
Germany	(DM)	2.4368	-0.0003	359 - 376	2.4404	2.4312	2.4354	0.7	2.4312	0.9	2.399	1.6	126.2
Greece	(Dr)	375.289	-0.016	060 - 518	377.180	374.454	-	-	-	-	-	-	-
Ireland	(I£)	1.0170	-0.0003	163 - 177	1.0196	1.0163	1.0168	0.2	1.0165	0.2	1.0182	-0.1	104.5
Italy	(L)	2499.83	+3.82	896 - 070	2503.45	2494.27	2505.43	-2.7	2516.83	-2.7	2567.33	-2.7	74.2
Luxembourg	(LFr)	50.1100	-0.0452	925 - 274	50.2500	50.0520	50.08	0.7	50.01	0.8	49.87	0.5	117.0
Netherlands	(Fl)	2.7309	-0.0024	299 - 318	2.7417	2.7253	2.7294	0.6	2.7251	0.8	2.6906	1.5	120.8
Norway	(NKr)	10.6676	+0.0027	632 - 720	10.7124	10.6332	10.6676	0.0	10.6692	-0.1	10.6682	0.0	85.6
Portugal	(Es)	248.661	-0.076	535 - 787	249.086	248.249	250.391	-8.3	253.671	-7.9	-	-	-
Spain	(Pta)	203.040	+0.123	954 - 126	203.702	202.407	203.37	-2.0	204.035	-2.0	206.65	-1.8	85.7
Sweden	(SKr)	11.5565	+0.0014	464 - 666	11.6056	11.5262	11.5755	-2.0	11.618	-2.1	11.7625	-1.8	76.4
Switzerland	(SFr)	2.0477	-0.0025	469 - 484	2.0535	2.0453	2.0446	1.8	2.0371	2.1	1.9848	2.6	121.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.8
Ecu	-	1.2798	+0.0002	793 - 803	1.2813	1.2766	1.2798	0.0	1.2799	0.0	1.2743	0.4	-
SDR†	-	0.930025	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5735	+0.0024	731 - 739	1.5755	1.5707	-	-	-	-	-	-	-
Brazil	(R)	1.3106	+0.0048	095 - 116	1.3118	1.3082	-	-	-	-	-	-	-
Canada	(C$)	2.1469	+0.0039	462 - 476	2.1506	2.1416	2.1459	0.6	2.1446	0.4	2.1432	0.2	86.7
Mexico	(New Peso)	5.4332	+0.0114	290 - 374	5.4375	5.4176	-	-	-	-	-	-	-
USA	($)	1.5742	+0.0029	739 - 745	1.5760	1.5705	1.5743	-0.1	1.5742	0.0	1.571	0.2	62.3
Pacific/Middle East/Africa													
Australia	(A$)	2.0931	+0.0004	921 - 940	2.0955	2.0846	2.0952	-1.2	2.098	-0.9	2.1119	-0.9	-
Hong Kong	(HK$)	12.1717	+0.0268	686 - 748	12.1848	12.1431	12.1627	0.9	12.1584	0.4	12.1132	0.5	-
India	(Rs)	49.3807	+0.069	654 - 960	49.4310	49.2710	-	-	-	-	-	-	-
Japan	(Y)	154.500	-0.084	431 - 569	154.810	154.230	154.05	3.5	153.035	3.8	147.91	4.3	190.8
Malaysia	(M$)	4.0376	+0.008	360 - 391	4.0417	4.0277	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5305	-0.0051	279 - 330	2.5363	2.5205	2.5352	-2.2	2.5444	-2.2	2.5643	-1.3	-
Philippines	(Peso)	38.3318	-0.0866	458 - 178	38.4200	38.2430	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9048	+0.0114	032 - 063	5.9111	5.8911	-	-	-	-	-	-	-
Singapore	(S$)	2.3165	+0.0027	152 - 177	2.3185	2.3118	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5534	+0.0102	511 - 556	5.5593	5.5373	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5408	+0.0434	238 - 578	6.5594	6.5227	-	-	-	-	-	-	-
South Korea	(Won)	1252.83	+1.37	251 - 314	1254.18	1249.96	-	-	-	-	-	-	-
Taiwan	(T$)	41.2893	+0.0034	771 - 015	41.3586	41.1966	-	-	-	-	-	-	-
Thailand	(Bt)	39.3786	+0.0521	632 - 940	39.4160	39.2830	-	-	-	-	-	-	-

†SDR rates for Nov 16. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 17		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.8905	-0.03	880 - 930	10.9125	10.8870	10.883	0.8	10.8865	0.9	10.769	1.1	104.3
Belgium	(BFr)	31.8320	-0.0675	270 - 370	31.9270	31.8270	31.812	0.8	31.7695	0.8	31.597	0.7	105.9
Denmark	(DKr)	6.0530	-0.0118	515 - 545	6.0595	6.0451	6.055	-0.4	6.058	-0.3	6.0765	-0.4	105.2
Finland	(FM)	4.7465	+0.017	415 - 515	4.7622	4.7135	4.7448	0.4	4.7415	0.4	4.7405	0.1	82.9
France	(FFr)	5.3183	-0.0082	175 - 190	5.3295	5.3105	5.3177	0.1	5.3143	0.3	5.2968	0.4	106.0
Germany	(D)	1.5480	-0.003	477 - 482	1.5504	1.5467	1.5472	0.6	1.545	0.8	1.5305	1.1	106.9
Greece	(Dr)	238.400	-0.45	300 - 500	239.510	238.300	238.65	-1.3	239.225	-1.4	241.475	-1.3	68.3
Ireland	(I£)	1.5479	+0.0033	471 - 486	1.5489	1.5423	1.5482	-0.2	1.5487	-0.2	1.5442	0.2	-
Italy	(L)	1589.00	-0.25	775 - 825	1591.46	1584.50	1591.45	-2.6	1599	-2.8	1632.5	-2.8	74.7
Luxembourg	(LFr)	31.8320	-0.0675	270 - 370	31.9270	31.8270	31.812	0.8	31.7695	0.8	31.597	0.7	105.9
Netherlands	(Fl)	1.7348	-0.0047	345 - 350	1.7430	1.7334	1.7339	0.6	1.7318	0.7	1.7175	1.0	105.6
Norway	(NKr)	6.7765	-0.0108	750 - 780	6.8050	6.7620	6.7857	-1.6	6.8025	-1.5	6.833	-0.8	95.6
Portugal	(Es)	157.960	-0.34	910 - 010	158.240	157.850	158.485	-4.0	159.61	-4.2	163.21	-3.3	95.2
Spain	(Pta)	128.980	-0.16	950 - 010	129.400	128.750	129.205	-2.1	132.89	-12.1	131.93	-2.3	80.7
Sweden	(SKr)	7.3412	-0.0126	362 - 462	7.3761	7.3235	7.3539	-2.1	7.3812	-2.2	7.5062	-2.2	82.0
Switzerland	(SFr)	1.3008	-0.004	005 - 010	1.3041	1.3004	1.2986	2.0	1.2943	2.0	1.2722	2.2	107.0
UK	(£)	1.5742	+0.0029	739 - 745	1.5760	1.5705	1.5743	-0.1	1.5742	0.0	1.571	0.2	88.1
Ecu	-	1.2301	+0.0021	298 - 303	1.2307	1.2282	1.2301	0.0	1.2304	-0.1	1.2321	-0.2	-
SDR†	-	1.46358	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-0.0003	995 - 996	1.0000	0.9995	-	-	-	-	-	-	-
Brazil	(R)	0.8325	+0.0015	320 - 330	0.8330	0.8320	-	-	-	-	-	-	-
Canada	(C$)	1.3638	-0.0001	636 - 640	1.3656	1.3629	1.3639	-0.1	1.3631	0.2	1.3673	-0.3	83.3
Mexico	(New Peso)	3.4514	+0.0009	494 - 534	3.4504	3.4452	3.4524	-0.3	3.4542	-0.3	3.4616	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	95.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3297	-0.0021	293 - 300	1.3310	1.3257	1.3305	-0.7	1.3323	-0.8	1.345	-1.2	88.0
Hong Kong	(HK$)	7.7320	+0.0028	315 - 325	7.7350	7.7290	7.73	0.3	7.7288	0.2	7.7365	-0.1	-
India	(Rs)	31.3688	-0.0012	650 - 725	31.3725	31.3650	31.4388	-2.7	31.5838	-2.7	-	-	-
Japan	(Y)	98.1450	-0.235	200 - 700	98.3000	98.0800	97.865	3.4	97.245	3.7	94.44	3.8	150.8
Malaysia	(M$)	2.5648	+0.0003	643 - 653	2.5653	2.5625	2.5618	1.4	2.5573	1.2	2.5853	-0.8	-
New Zealand	(NZ$)	1.6075	-0.0062	062 - 088	1.6129	1.6049	1.6084	-0.7	1.6109	-0.8	1.6199	-0.8	-
Philippines	(Peso)	24.3500	-0.1	000 - 000	24.4000	24.3000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7510	+0.0003	507 - 512	3.7512	3.7507	3.7546	-1.1	3.7615	-1.1	3.776	-0.7	-
Singapore	(S$)	1.4715	-0.001	710 - 720	1.4728	1.4710	1.47	1.3	1.4665	1.4	1.45	1.5	-
S Africa (Com.)	(R)	3.5278	-	270 - 285	3.5295	3.5198	3.5433	-5.3	3.5754	-5.4	3.7403	-6.0	-
S Africa (Fin.)	(R)	4.1550	+0.02	450 - 650	4.1700	4.1450	4.183	-8.1	4.2275	-7.0	4.465	-7.5	-
South Korea	(Won)	795.850	-0.6	800 - 900	796.800	795.900	798.85	-4.5	802.35	-3.3	820.85	-3.1	-
Taiwan	(T$)	26.2288	-0.0462	260 - 315	26.2550	26.2260	26.2488	-0.9	26.2888	-0.9	-	-	-
Thailand	(Bt)	25.0150	-0.013	100 - 200	25.0200	25.0100	25.0445	-1.4	25.1355	-1.9	25.54	-2.1	-

†SDR rate for Nov 16. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 16. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

November 17	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	4⅝	5⅛	5½	6⅛	7.40	4.50	-
week ago	4⅞	4⅝	5⅛	5¼	6⅛	7.40	4.50	-
France	5¼	5¼	5⅝	5⅞	6⅝	5.00	-	6.75
week ago	5⅛	5¼	5⅝	5⅞	6⅝	5.00	-	6.75
Germany	4.93	4.95	5.15	5.25	5.60	6.00	4.50	4.85
week ago	4.90	4.95	5.15	5.25	5.60	6.00	4.50	4.85
Ireland	5¼	5¼	5⅝	6⅛	7⅛	-	-	6.25
week ago	5¼	5¼	5⅝	6⅛	7⅛	-	-	6.25
Italy	8⅛	8¼	8⅝	9	9⅝	-	7.50	8.20
week ago	8⅛	8¼	8⅝	9	9⅝	-	7.50	8.20
Netherlands	4.84	5.03	5.23	5.34	5.75	-	5.25	-
week ago	4.84	5.03	5.24	5.36	5.76	-	5.25	-
Switzerland	3	3⅝	3⅞	4⅛	4⅛	6.625	3.50	-
week ago	3⅝	3⅝	4	4⅛	4⅛	6.625	3.50	-
US	5⅝	5⅞	5⅞	6⅛	6⅝	-	4.75	-
week ago	4⅞	5⅛	5⅝	6⅛	6⅝	-	4.00	-
Japan	2⅛	2¼	2⅛	2⅞	2⅞	-	1.75	-
week ago	2¼	2¼	2⅛	2⅞	2⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅝	6⅛	6¼	6⅞	-	-	-
week ago	-	5⅝	5⅞	6¼	6⅞	-	-	-
US Dollar CDs	-	5.46	5.73	6.04	6.64	-	-	-
week ago	-	5.46	5.50	5.89	6.50	-	-	-
SDR Linked Ds	-	3⅝	3⅞	3⅞	4	-	-	-
week ago	-	3⅝	3⅞	3⅞	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅛; 3 mths: 5⅞; 6 mths: 6¼; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 17	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4⅞ - 4⅝	4⅞ - 4⅝	4⅞ - 4⅝	5⅛ - 5⅛	5½ - 5⅜	6⅛ - 6
Danish Krone	5¾ - 5½	5¾ - 5½	5¾ - 5½	6¼ - 6	6⅞ - 6⅝	7¼ - 7
D-Mark	5 - 4⅞	5 - 4⅞	5 - 4⅞	5⅛ - 5¼	5⅜ - 5⅜	5⅞ - 5¾
Dutch Guilder	5 - 4⅞	5⅛ - 4⅞	5⅛ - 5⅛	5⅛ - 5⅛	5⅜ - 5⅜	5⅞ - 5⅞
French Franc	5⅜ - 5¼	5⅜ - 5⅜	5⅞ - 5⅞	5⅝ - 5½	5⅞ - 5⅞	6⅛ - 6⅛
Portuguese Esc.	9⅝ - 8⅞	9⅝ - 8⅞	9⅝ - 9¼	10 - 9½	10½ - 10	10½ - 10
Spanish Peseta	7⅝ - 7⅛	7⅝ - 7⅛	7⅝ - 7½	7⅞ - 7⅞	8⅛ - 8⅛	9⅛ - 9
Sterling	5 - 4⅞	5 - 4⅞	5⅞ - 5⅛	5⅞ - 5⅞	6⅞ - 6⅞	7⅛ - 7⅛
Swiss Franc	3 - 2⅞	3⅞ - 3⅛	3⅞ - 3⅞	3⅞ - 3⅞	4⅛ - 4	4⅞ - 4⅞
Can. Dollar	5⅝ - 5⅛	5⅞ - 5⅜	5⅞ - 5⅝	5⅞ - 5⅞	6⅛ - 6⅛	7⅛ - 7⅛
US Dollar	5⅞ - 5⅛	5⅞ - 5⅛	5⅝ - 5½	5⅞ - 6⅛	6⅛ - 6⅛	6⅞ - 6⅞
Italian Lira	9 - 7½	8⅞ - 8⅛	8⅞ - 8⅛	8⅞ - 8⅞	9 - 8⅞	9⅞ - 9⅞
Yen	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅞ - 2⅛	2½ - 2⅞	2⅞ - 2⅞
Asian $Sing	2⅞ - 2¼	3⅛ - 2⅞	3⅛ - 3⅛	3½ - 3⅞	3⅞ - 3⅞	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.29	94.30	-	94.30	94.28	7,617	48,912
Mar	93.86	93.87	-	93.87	93.84	8,524	38,892
Jun	93.50	93.48	-0.02	93.50	93.46	5,024	29,927
Sep	93.16	93.16	-0.02	93.16	93.13	4,594	21,340

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	93.87	-0.01	-	-	0	2633
Mar	93.33	93.28	-0.07	93.33	93.33	20	1436
Jun	92.83	92.76	-0.10	92.83	92.83	15	404
Sep	92.48	92.41	-0.10	92.48	92.48	10	177

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.82	94.82	-	94.83	94.81	10872	136749
Mar	94.60	94.60	-0.01	94.62	94.58	33448	174639
Jun	94.26	94.22	-0.05	94.27	94.20	30117	120736
Sep	93.87	93.83	-0.05	93.87	93.81	12881	83769

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	91.13	91.06	-0.06	91.15	91.06	5287	31896
Mar	90.56	90.47	-0.09	90.56	90.42	5039	34787
Jun	89.99	89.90	-0.09	90.03	89.88	1200	15721
Sep	89.55	89.47	-0.08	89.62	89.48	516	21055

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.93	95.94	-	95.95	95.93	1871	18335
Mar	95.62	95.63	-0.01	95.65	95.60	2927	21389
Jun	95.32	95.31	-0.03	95.35	95.31	667	5611
Sep	95.01	94.96	-0.05	95.02	94.98	243	2901

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.03	94.05	+0.02	94.06	94.03	1064	8231
Mar	93.62	93.67	-	93.72	93.62	1532	7447
Jun	93.15	93.18	-	93.20	93.15	215	4257
Sep	92.68	92.67	-0.02	92.70	92.67	90	2395

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 17		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.01	16.71	4.863	2.030	4987	5.450	21.29	496.1	405.1	23.07	4.085	1.996	4.285	3.141	308.3	2.552
Denmark	(DKr)	52.59	10	8.787	2.558	1.067	2623	2.866	11.20	260.9	213.1	12.13	2.148	1.050	2.253	1.652	162.2	1.342
France	(FFr)	59.85	11.38	10	2.911	1.215	2985	3.262	12.74	296.9	242.5	13.81	2.445	1.194	2.565	1.880	184.5	1.528
Germany	(DM)	20.56	3.910	3.435	1	0.417	1025	1.121	4.378	102.0	83.30	4.744	0.840	0.410	0.881	0.646	63.40	0.525
Ireland	(I£)	49.27	9.369	8.232	2.396	1	2457	2.685	10.49	244.4	199.6	11.37	2.013	0.983	2.111	1.548	151.9	1.258
Italy	(L)	2.005	0.381	0.335	0.098	0.041	100.	0.109	0.427	9.948	8.123	0.463	0.082	0.040	0.086	0.063	6.182	0.051
Netherlands	(Fl)	18.35	3.489	3.066	0.892	0.372	915.0	1	3.907	91.03	74.33	4.233	0.750	0.366	0.786	0.576	56.57	0.468
Norway	(NKr)	46.96	8.930	7.846	2.284	0.953	2342	2.560	10	233.0	190.3	10.83	1.918	0.937	2.012	1.475	144.8	1.199
Portugal	(Es)	20.16	3.833	3.368	0.980	0.409	1005	1.099	4.292	100.	81.66	4.650	0.823	0.402	0.864	0.633	62.15	0.514
Spain	(Pta)	24.68	4.694	4.124	1.200	0.501	1231	1.345	5.256	122.5	100.	5.695	1.008	0.493	1.058	0.775	76.11	0.630
Sweden	(SKr)	43.35	8.242	7.242	2.108	0.880	2162	2.362	9.230	215.1	175.6	10	1.771	0.865	1.857	1.362	133.7	1.106
Switzerland	(SFr)	24.48	4.655	4.090	1.191	0.497	1221	1.334	5.213	121.4	99.17	5.647	1	0.489	1.049	0.769	75.48	0.625
UK	(£)	50.11	9.528	8.372	2.437	1.017	2499	2.731	10.67	248.6	203.0	11.56	2.047	1	2.147	1.574	154.5	1.279
Canada	(C$)	23.34	4.438	3.899	1.135	0.474	1164	1.272	4.970	115.8	94.55	5.384	0.953	0.466	1	0.733	71.96	0.596
US	($)	31.84	6.053	5.319	1.548	0.646	1588	1.735	6.779	157.9	129.0	7.344	1.301	0.635	1.364	1	98.16	0.813
Japan	(Y)	32.43	6.167	5.419	1.577	0.658	1617	1.768	6.906	160.9	131.4	7.482	1.325	0.647	1.390	1.019	100.	0.828
Ecu		39.18	7.450	6.546	1.905	0.795	1954	2.135	8.342	194.4	158.7	9.038	1.600	0.782	1.679	1.231	120.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6450	0.6458	+0.0008	0.6470	0.6450	43,623	92,482
Mar	0.6475	0.6472	+0.0008	0.6476	0.6468	573	7,486
Jun	-	0.6489	-	0.6489	-	15	1,323

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0200	1.0215	+0.0022	1.0225	1.0197	21,145	72,396
Mar	1.0304	1.0300	+0.0017	1.0307	1.0297	964	8,867
Jun	1.0399	1.0405	+0.0016	1.0405	1.0399	58	770

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7675	0.7687	+0.0013	0.7698	0.7675	24,727	51,781
Mar	0.7721	0.7723	+0.0008	0.7730	0.7716	979	2,902
Jun	0.7775	0.7770	+0.0021	0.7775	0.7765	63	271

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5716	1.5720	+0.0010	1.5750	1.5706	23,617	46,030
Mar	1.5732	1.5726	+0.0020	1.5750	1.5706	448	902
Jun	-	1.5692	-	1.5730	-	15	20

UK INTEREST RATES

LONDON MONEY RATES

Nov 17	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 - 4¼	5⅛ - 4¾	5⅝ - 5⁷⁄₁₆	6 - 5⅞	6⁷⁄₁₆ - 6⁵⁄₁₆	7³⁄₁₆ - 7¹⁄₁₆
Sterling CDs	-	-	5½ - 5⅜	5¹³⁄₁₆ - 5¹¹⁄₁₆	6⅜ - 6¼	7¹⁄₁₆ - 6¹⁵⁄₁₆
Treasury Bills	-	-	5½ - 5⅜	5¹³⁄₁₆ - 5¹¹⁄₁₆	-	-
Bank Bills	-	-	5½ - 5⅜	5⅞ - 5¹³⁄₁₆	6⁵⁄₁₆ - 6³⁄₁₆	-
Local authority deps.	4¹³⁄₁₆ - 4¹¹⁄₁₆	5¹⁄₁₆ - 4¹⁵⁄₁₆	5⅝ - 5⁷⁄₁₆	6 - 5⅞	6⁷⁄₁₆ - 6⁵⁄₁₆	7³⁄₁₆ - 7¹⁄₁₆
Discount Market deps	5¼ - 4	5 - 4⅞	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.6466pc. ECGD fixed rate Stlg. Export Finance. Make up day Oct 31, 1994. Agreed rate for period Nov 26, 1994 to Dec 25, 1994, Schemes II & III 7.23pc. Reference rate for period Oct 1, 1994 to Oct 31, 1994, Schemes IV & V 5.966pc. Finance House Base Rate 6pc from Nov 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.70	93.73	+0.04	93.75	93.68	26222	135659
Mar	92.96	93.00	+0.05	93.04	92.94	34278	88521
Jun	92.36	92.37	+0.01	92.44	92.34	9623	56206
Sep	91.94	91.90	-0.03	91.98	91.89	5637	65606

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9350	0.27	0.08	0.08	0.04	0.58	1.21
9375	0.10	0.04	0.05	0.12	0.79	1.43
9400	0.02	0.01	0.03	0.29	1.01	1.66

Est. vol. total, Calls 14474 Puts 15548. Previous day's open int., Calls 350343 Puts 216772

EMS EUROPEAN CURRENCY UNIT RATES

Nov 17	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14463	-0.00194	-2.37	5.83	-
Belgium	40.2123	39.3599	-0.0367	-2.12	5.56	15
Ireland	0.808628	0.799487	+0.000751	-1.13	4.51	8
Germany	1.94964	1.93468	+0.0196	-0.77	4.12	-
France	6.53883	6.57378	-0.00011	0.53	2.78	-4
Denmark	7.43679	7.48042	-0.00394	0.59	2.72	-4
Portugal	192.854	195.286	-0.048	1.26	2.04	-8
Spain	154.250	159.379	+0.169	3.33	0.00	-23
NON ERM MEMBERS						
Greece	264.513	294.523	-0.213	11.35	-7.20	-
Italy	1793.19	1964.41	+6.27	9.55	-5.68	-
UK	0.786749	0.785007	+0.00118	-0.22	3.55	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls Dec	Calls Jan	Calls Feb	Puts Dec	Puts Jan	Puts Feb
1.525	4.75	5.12	5.51	0.16	0.55	0.98
1.550	2.72	3.30	3.82	0.62	1.21	1.75
1.575	1.28	1.95	2.52	1.62	2.28	2.81
1.600	0.47	1.03	1.55	3.25	3.79	4.31
1.625	0.12	0.47	0.88	5.38	5.71	6.11
1.650	-	0.18	0.46	7.70	7.85	8.10

Previous day's vol., Calls 14,644 Puts 14,612 . Prev. day's open int., Calls 383,882 Puts 332,342

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	93.89	93.89	-	93.90	93.87	171,355	403,136
Mar	93.33	93.32	-0.01	93.34	93.31	226,604	426,862
Jun	92.83	92.81	-0.02	92.85	92.81	140,653	308,179

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.47	94.48	+0.01	94.48	94.47	2,510	16,182
Mar	93.90	93.91	+0.02	93.92	93.90	2,154	10,150
Jun	93.44	93.43	-	93.45	93.43	2,467	3,385

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
9475	0.10	0.05	0.08	0.11	0.03	0.20	0.23	0.26
9500	0.02	0.01	0.03	0.04	0.20	0.41	0.43	0.44
9525	0.01	0	0.01	0.01	0.44	0.65	0.65	0.66

Est. vol. total, Calls 5442 Puts 8304. Previous day's open int., Calls 218479 Puts 204116

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9575	0.21	0.12	0.10	0.02	0.24	0.54
9600	0.04	0.05	0.05	0.10	0.42	0.74
9625	0.01	0.02	0.02	0.32	0.64	0.96

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 2815 Puts 1815

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk.	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75	● Members of London Investment Banking Association	
Brit Bk of Mid East	5.75	Hongkong & Shanghai.	5.75	* In administration	
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
CL Bank Nederland	5.75	●Leopold Joseph & Sons	5.75		
Citibank NA	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	* Mount Banking	8		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Nov 17 / Sch)

BELGIUM/LUXEMBOURG (Nov 17 / Frs.)

DENMARK (Nov 17 / Kr)

FINLAND (Nov 17 / Mkk)

FRANCE (Nov 17 / Frs.)

GERMANY (Nov 17 / Dm.)

ITALY (Nov 17 / Lire)

NETHERLANDS (Nov 17 / Fl.)

NORWAY (Nov 17 / Kroner)

SPAIN (Nov 17 / Pts.)

SWEDEN (Nov 17 / Kronor)

SWITZERLAND (Nov 17 / Frs.)

PACIFIC

JAPAN (Nov 17 / Yen)

HONG KONG (Nov 17 / H.K.$)

MALAYSIA (Nov 17 / MYR)

SINGAPORE (Nov 17 / S$)

AUSTRALIA (Nov 17 / Aust.$)

NORTH AMERICA

CANADA

TORONTO (Nov 17 / Can $) 4 pm close

MONTREAL (Nov 17 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Nov 17 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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TOKYO - MOST ACTIVE STOCKS: Thursday, November 17, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	8.3m	386	+1	M'bishi Heavy	3.2m	748	-1
Kayaba Ind	5.6m	663	+21	M'bishi Est	3.0m	1,070	-50
S'tomo Metal	4.6m	337	+1	Yaskawa Elec	2.9m	571	-12
Kawasaki Steel	4.3m	420	+2	NKK Corp	2.8m	283	+5
Sharp	3.3m	1,800		Mitsui Min	2.7m	439	+6

INDICES

	Nov 17	Nov 16	Nov 15	1994 High		Low	
Taiwan Weighted Pr.(30/6/66)	6297.88	6346.78	6361.80	7191.13	30/9	5194.63	19/3
Thailand Bangkok SET (30/4/75)	1479.26	1489.15	1498.85	1753.73	4/1	1196.59	4/4
Turkey Istanbul Comp.(Jan 1986)	27001.3	27421.0	27006.5	28683.60	13/1	12980.70	24/3
WORLD MS Capital Int (1/1/70)§	625.8*	628.4	627.5	649.90	2/11	591.69	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1350.69	1356.69	1354.70	1549.19	31/1	1286.48	5/10
Euro Top-100 (26/6/90)	1192.53	1200.78	1200.29	1311.81	2/2	1135.48	5/10
JCapelDrgs (31/12/88)	(u)	336.62	336.88	365.39	5/1	280.28	21/3
Barings Emerg.(7/1/92)	179.69	179.36	180.05	191.78	26/9	141.65	21/4

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Nov	1947.0	1935.0	-22.0	1955.0	1934.0	18,764	23,148
Dec	1957.0	1944.0	-22.0	1962.0	1944.5	2,432	25,496
Jan	1965.0	1970.0	-22.0	1965.0	1965.0	-	6,933

Open interest figures for previous day.

US INDICES

Dow Jones	Nov 16	Nov 15	Nov 14	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3845.20	3825.36	3829.73	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	94.24	94.35	94.46	105.81 (21/1)	94.24 (16/11)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1483.67	1484.37	1482.74	1862.29 (2/2)	1438.50 (6/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	176.64	176.84	177.43	227.08 (3/1)	175.65 (20/9)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3864.38 (3871.45) Low 3803.82 (3794.40) (Theoretical♦)
Day's high 3845.54 (3856.31) Low 3820.31 (3807.86) (Actual♦)

Standard and Poors	Nov 16	Nov 15	Nov 14	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	465.60	465.03	466.04	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials¶	555.85	554.23	555.38	583.10 (28/10)	510.05 (21/4)	563.10 (28/10/94)	3.62 (21/6/32)
Financial	42.34	42.64	42.75	48.94 (14/6)	41.39 (4/4)	48.48 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	254.71	254.52	254.84	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	448.39	448.61	448.72	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	769.64	769.02	768.14	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Nov 11	Nov 4	Oct 28	Year ago
Dow Jones Ind. Div. Yield	2.76	2.78	2.70	2.71
	Nov 9	Nov 2	Oct 26	Year ago
S & P Ind. Div. yield	2.38	2.39	2.39	2.41
S & P Ind. P/E ratio	20.93	20.95	20.82	26.61

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Dec	466.85	466.45	-0.40	467.25	465.25	70,637	207,255
Mar	469.90	469.50	-0.40	470.20	469.50	3,245	30,361
Jun	474.10	473.25	-	474.10	473.25	540	3,957

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
RJR Nabisco	8,366,000	6⅝	---
Chrysler	5,673,000	51	+1⅛
Telefonos	4,533,600	52⅞	+½
Dig Equip	4,087,400	36	+2⅜
AT&T	3,434,900	51¾	-1⅛
Gen Motors	3,427,100	39¾	+¾
Cap One Fncl	2,781,300	16	---
Wal-Mart	2,775,600	23⅞	-⅛
K Mart	2,708,300	15¼	+½
Am Express	2,364,700	31⅜	---

TRADING ACTIVITY

● Volume (million)

	Nov 16	Nov 15	Nov 14
New York SE	296.973	336.336	260.380
Amex	15.132	18.779	17.378
NASDAQ	276.634	290.506	239.418
NYSE			
Issues Traded	2,920	2,922	2,904
Rises	1,033	1,138	1,257
Falls	1,207	1,098	1,007
Unchanged	680	686	640
New Highs	22	39	29
New Lows	163	214	210

... of all indices are 100 except Australia All Ordinary and ... Euro Top-100, ISEQ Overall; Toronto Comp./Metals & ... NYSE All Common – 50 and Standard and Poor's – 10. §§ ... Nov 17 - 2091.94 -30.27

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close November 17

1994 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	12⅛	AAR	0.48	3.9	21	91	12⅜	d12⅛	12⅜	+¼
18⅛	12⅝	A L Labs A	0.18	1.0	40	135	17⅞	17¼	17¾	+½
79⅞	57⅝	AMP	1.68	2.3	22	4367	73⅝	72½	72⅞	-⅛
72¾	48⅛	AMR			108	1477	51⅞	50⅞	51	-⅝
5	3⅛	ARX			12	85	3⅞	3¾	3¾	
58⅛	38⅝	ASA	2.00	4.2	31	231	47⅝	47¼	47¼	-⅛
33	25⅞	AbbotL	0.76	2.3	18	6845	32⅞	32⅛	32⅞	+⅝
15¼	11⅞	AbitibiPr	0.50	3.9	11	18	13	12⅞	12⅞	
23⅝	17¾	ABM Ind	0.52	2.5	12	35	20½	20⅜	20½	+⅛
16	11⅛	Acptncetn			10	349	14⅝	14⅛	14¼	-⅜
31	22	ACE Ltd	0.44	1.9	22	64	23⅝	23⅛	23¼	-¼
12½	8	ACM Gvt In x	1.09	12.0	6	443	9⅛	d9	9⅛	
10⅛	6⅞	ACM GvOpp x	0.80	11.0		408	7¼	d6⅞	7¼	+⅛
10⅝	6¼	ACM Gvt Sp x	0.96	13.7		448	7	6⅞	7	+⅛
12	7⅝	ACM Gvt Se x	1.09	13.7		900	8⅛	7⅞	8	
11¾	7⅜	ACM Man x	1.08	13.3		582	8¼	7⅞	8⅛	+¼
9¼	8	ACM Mangd x	0.72	8.7		330	8¼	8⅛	8¼	+⅛
15½	8¾	AcmeClv	0.44	3.7	24	63	12	11⅞	11⅞	-⅛
13⅝	8½	Acme Elect			12	156	12	11½	12	+⅛
28¾	23	Acordia	0.60	2.1	14	57	28⅝	28⅜	28⅝	+¼
13¾	5¾	Actava	0.38	3.8	2	370	9⅞	9⅜	9½	+⅛
18⅜	11¼	Acuson			28	482	17¼	16⅞	17¼	+⅜
18⅞	15⅞	Adams Expr x	0.68	4.2	0	3982	16¼	16	16⅛	-⅛
64	48½	Ad Micro	3.00	5.6		275	53⅞	53½	53¾	-½

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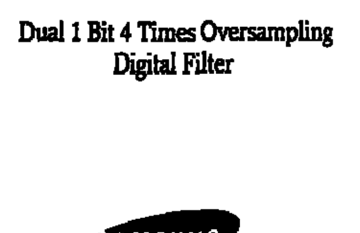

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SAMSUNG ELECTRONICS

Continued on next page

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4 pm close November 17

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng Prev. Close
[illegible]										

- T -

- U -

- V -

- W -

- X - Y - Z -

AMEX COMPOSITE PRICES

4 pm close November 17

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

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NASDAQ NATIONAL MARKET

4 pm close November 17

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

AMERICA

Dow mirrors gyrations in bond market

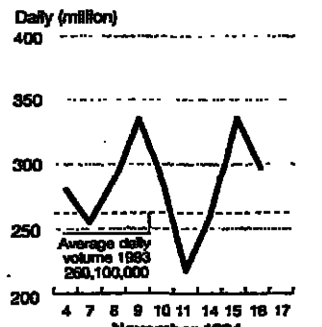
Wall Street

US share prices mirrored the ups and downs of the bond market yesterday morning, falling firmly into negative territory by early afternoon, *writes Lisa Bransten in New York.*

By 1 pm the Dow Jones Industrial Average was down 21.53 at 3823.67. The more broadly based Standard & Poor's 500 fell 2.54 to 463.08, while the American Stock Exchange composite declined 1.15 to 447.24. The Nasdaq composite was down 3.33 at 766.31. Trading volume on the NYSE was 193m shares.

News from the Commerce Department that housing starts decreased 5.2 per cent in October momentarily boosted bond prices, towing the stock market along, but neither market proved able to sustain the upticks. New housing construction fell in all regions of the country and, while some of the decline was due to the

NYSE volume



weather, analysts generally interpreted the data as showing that rising interest rates were beginning to have some effect.

Later in the morning, the Federal Reserve Bank of Philadelphia reported a decline in its index of business activity for the month of October. This news, however, failed to cheer the markets, which drew pessimistic conclusions from a sub-index that showed an increase in prices paid by manufacturers.

Investors mainly remain unsure about how to interpret the wave of economic data that has been reported over the past two weeks. There is also uncertainty about the implications of the Federal Reserve's decision on Tuesday to increase the target federal funds rate to 5½ per cent. Although the monetary tightening was somewhat more aggressive that expected, the Fed left the door open for another rate increase late this year or in early 1995.

Campbell Soup rose $¼ at $44¼, surpassing its high for the year of $44¼, after reporting record first quarter earnings.

Hewlett-Packard also rose after reporting stronger-than-expected fourth quarter results, gaining $1⅝ at $100⅛. Net revenue in the US was up 20 per cent from a year ago for the California-based computer-maker, while net revenue from abroad increased 26 per cent. H-P's strong results initially pulled up Adobe Systems $1¼, before the company fell $⅜ at $34⅛ by early afternoon. H-P is the biggest customer for Adobe's Postscript software.

Hilton Hotels jumped $9 at $66⅞ after announcing that it had retained Smith Barney to study the possibility of selling the company, or spinning off one or more of its businesses.

Shares in Genentech declined after a report yesterday morning that nearly a dozen executives at the biotech company had sold large stock holdings since July. By 1 pm shares had fallen $⅝ at $45⅝.

Exxon gained $⅝ at $61 after a court agreed to a plan to settle part of a suit filed over the Exxon Valdez oil spill.

International Paper lost $1¼ at $69⅞ after announcing that it expected sales and earnings growth in the fourth-quarter, although probably not matching the large operating profit gains made in the third quarter.

Canada

Toronto was dragged lower by falling North American bonds at midday, amid fresh fears about future US interest rate moves. The TSE 300 index fell 18.62 to 4,153.12 by noon in volume of 26.2m shares.

Northern Telecom lost C$⅝ at C$46⅞ after the telecommunications equipment giant said that the Congqing Telecommunications Bureau in the Sichuan province of central China had signed an $11m contract.

Venezuela

Shares in Caracas recovered from early losses to close higher for the first time in more than three weeks.

The recovery was led by Electricidad de Caracas, and the Merinvest composite index added 2.18 or 1.8 per cent at 122.30, with Electricidad up 10 bolivars at 224 bolivars.

Electricidad had fallen from a level of above 330 bolivars last month, largely due to the announcement of a $65m one-for-six share subscription.

Brokers remained cautious, pointing to the low trading volume.

Industrials spur S Africa

Industrial shares led a rally in Johannesburg as strong local institutional demand took most blue chips higher. The industrial index advanced 61 or 1 per cent to 6,911, bringing its gain over the week to 2.6 per cent.

The overall index was 43.2 better at 5,941.6, while the gold shares index picked up 22.4 to 2,189.3, helped by an improvement in bullion.

Dealers said that a weaker financial rand also contributed to more positive market sentiment.

In the chemicals sector, AECI led the gains with a rise of 13 per cent or R4 to R34. Analysts remarked that the group had been lagging behind the rest of the sector recently.

Southern Life, the country's fourth largest insurance group, put on R1.25 at R35.25, while Barlows, the engineering conglomerate, advanced 75 cents to R35 following results last week.

Dealers said that speculation about poorer than expected second-half diamond sales and troubles in negotiations with the Russian government set diamond group De Beers against the trend, receding 45 cents to R99.45.

EUROPE

Focus remains on outlook for US interest rates

The Federal Reserve's move on Tuesday to raise short-term US interest rates remained at the top of the agenda yesterday.

NatWest Markets commented that the move was a step in the right direction, representing "a serious attempt to rein in an economy that is continuing to exhibit strength well above its longer term trend rate of 2½ per cent". However, it continued: "While the Fed has assuaged immediate market fears that it is underestimating the inflation risks that the continued strength of the economy poses, it may have to do more to gain the bond market's respect."

James Capel suggested that the rate rise "is likely to be the start of a more aggressive tightening phase by the Fed, rather than a signal that short rates are close to their peak". A further increase of 25 basis points could come before Christmas, Capel added, if economic data continued to show signs of strength.

FRANKFURT, back from a day's holiday, lost ground in the official session and saw the decline accelerate in the session after hours.

The Dax ended with a decline of 8.06 at 2,102.69, seeing this widen to 2,091.94 in the Ibis session.

Research from Merck Finck, in Düsseldorf, forecast that there would be no year-end rally in German equities; and given that industrials had been trading on 18 times prospective earnings, a downgrading of optimistic 1995 forecasts might be expected because of underlying domestic economic weakness, rising commodity prices and a strong D-Mark.

FT-SE Actuaries Share Indices

Nov 17								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1354.26	1353.79	1353.12	1353.41	1351.69	1351.86	1351.76	1350.69
FT-SE Eurotrack 200	1414.99	1414.33	1414.54	1415.08	1412.96	1412.98	1413.62	1412.93

	Nov 16	Nov 15	Nov 14	Nov 11	Nov 10
FT-SE Eurotrack 100	1358.69	1354.70	1347.63	1341.71	1345.52
FT-SE Eurotrack 200	1421.32	1415.93	1403.12	1398.52	1405.68

Base 1000 (26/10/90); High/day: 100 - 1354.39; 200 - 1415.88 Low/day: 100 - 1350.53 200 - 1412.41 † Partial

Mannesmann put on DM5.00 at DM406.50 after reporting a 9 per cent rise in nine-month sales, helped by strength in the telecoms sector.

In contrast, Volkswagen retreated DM5 to DM455 after reporting that losses in the first nine months had fallen. Nomura noted that the strength of the company's recovery would start to show through in 1995 and 1996, while also benefiting next year from the launch of three new models.

PARIS took to Renault as the car maker made its debut, closing the day at FFr184.90, against the offer price of FFr165. But aside from this the market overall was weaker, the CAC-40 index off 22.67 or 1.2 per cent at 1,927.53.

Turnover rose to FFr4.5bn, while volume in Renault was above 9m shares.

Although Peugeot lost FFr7 at FFr812, traders did not necessarily attribute this to switching into the newly listed car maker – Renault being seen as adding further robustness to the sector. Michelin declined FFr1.90 to FFr215.60 in line with the trend, and Valeo FFr1 to FFr280.

MILAN continued to be buffeted by politics as the government ran into further problems in winning parliamentary approval for its budget plans. The Comit index fell 2.18 to 638.28.

However, Mr Sushil Wadhwani at Goldman Sachs retained a bullish view of Italy on a one year basis, while accepting that the market still faced bumpy patches in the months ahead. "Obviously there is a lot of nervousness, but there is also a realisation that the economic mountain has to be climbed," he said. Mr Wadhwani noted that the market was historically cheap and viewed further weakness during periods of volatility as buying opportunities. He forecast a rise in the Comit index to the 750 to 770 level over the coming year.

Ferfin gave up an early lead to finish L10 lower at L1,337 and Montedison slipped L25 to L1,212 as the group denied speculation of a merger as part of the restructuring programme.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	July 1994	Aug 1994	Sept 1994	Oct 1994	US $bn
Belgium	43.50	56.27	62.29	69.68	2.25
France	145.28	146.71	169.87	154.46	29.93
Germany	127.41	152.66	134.81	132.26	87.76
Italy	49,940	46,276	52,060	47,972	31.12
Netherlands	18.40	23.90	19.50	25.80	15.27
Spain	1,282.19	903.85	1,011.44	978.61	7.81
Switzerland	18.58	18.80	19.60	23.50	18.70
UK	45.16	52.78	48.98	43.91	71.60

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

European trading volumes declined in October in spite of a 1.2 per cent improvement in the FT-Actuaries Europe index. The fall was a continuation of the trend seen in September, writes Michael Morgan.

And, says Mr James Cornish of NatWest Securities, international investors were apparently becoming as blasé as their domestic counterparts, as witnessed by a 3.7 per cent drop in shares traded on Seaq International in London, after a 1.9 per cent rise in September.

There were, however, exceptions to the theme. In the Netherlands, domestic volumes climbed by 32.3 per cent in October, accompanied by a 2.8 per cent rise in the index. The volumes increase, says Mr Cornish, can partly be explained by the reorganisation of the domestic stock exchange at the end of September and, he notes, Dutch volumes on Seaq fell by 12.5 per cent during October.

Swiss volumes were also winners, expanding by 19.9 per cent on strong international interest, signalled by a 28.4 per cent rise in Swiss shares traded on Seaq.

At the other end of the scale, UK volumes contracted by 10.3 per cent to the lowest level since June last year. "The institutions seem to have been sitting on their substantial store of cash, rather than putting it into the domestic market," comments Mr Cornish.

ZURICH failed to find direction, with the mood dampened by weaker bonds and the easier dollar. The SMI index settled 8.5 lower at 2,600.9.

Swiss Re, however, picked up SFr5 to SFr775 as recent profit-taking by speculative buyers subsided. CS Holding bearers fell SFr18 to SFr532, below support at SFr545, amid rumours that the bank wanted to increase its stake in Swiss Re and planned a capital increase to finance the move.

Brown Boveri picked up SFr5 to SFr1,114 ahead of today's nine-month figures. Analysts forecast a 22.5 per cent increase in nine-month group earnings and a further surge over the next two years as European economies picked up. UBS bearers eased SFr6 to SFr1,200 and the bearers were SFr9 lower ahead of next Tuesday's crunch shareholders' meeting.

Holderbank dipped SFr11 to SFr1,067 on profit-taking after the recent strong gains. Merrill Lynch, which recommended the stock, saw the price at SFr1,200 over the next 12 months. The investment bank believed that peak earnings were not in sight for the group in 1996 for two main reasons: Holderbank was extending its geographical network in emerging countries every year, and Europe was awakening now and it still represented nearly 50 per cent of sales.

DUBLIN continued to shrug off political developments and the ISEQ overall general index marked time after Wednesday's strong gains, adding 0.34 at 1,841.05. Mr Robbie Kelleher at Davy Stockbrokers in Dublin noted that in recent years the markets had taken the view that what ever combination of parties formed a new government the economic policies to be pursued would remain unchanged. During the current hiatus, international investors, who had become increasingly important to Dublin's performance, had taken the same view.

Written and edited by John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei index mildly firmer after narrow fluctuations

Tokyo

Share prices fluctuated in a narrow range on selling by overseas investors, and buying by dealers who covered their positions after computer problems at the Tokyo stock exchange, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average closed 29.91 up at 19,336.57 after moving between 19,372.67 and 19,284.76. Overseas investors were net sellers for the eighth consecutive trading day. Analysts said foreign fund managers were securing profits ahead of the close of the business year in December. Buying orders placed in the afternoon by domestic institutions provided underlying support.

Volume came to 210m shares, against 256m. Activity remained light due to the lack of fresh news. The Topix index of all first section stocks gained 2.11 at 1,527.61 and the Nikkei 300 firmed 0.54 to 280.75. In London the ISE/Nikkei 50 index shed 7.83 to 1,252.69.

Overseas investors sold steels, while arbitrage buying and purchases by individuals of machinery stocks supported share prices. The brief breakdown of the stock exchange's computer in the morning session had minimal impact other than triggering buying by dealers due to the lack of prior activity.

Mitsubishi Estate, a property developer which owns 80 per cent of the Rockefeller Group, of the US, fell Y50 to Y1,070. Reports in the US that Rockefeller Center, a member of the Rockefeller Group, could default on its mortgage payment discouraged investors. Mitsubishi refused to comment on the reports.

Seiyu, the supermarket chain, weakened Y100 to Y1,200 on reports that it would bail out its affiliated consumer credit company. The retailer said it had not yet decided on providing financial aid.

Higher raw metal prices supported mining and non-ferrous metal stocks. Sumitomo Metal Mining advanced Y7 to Y941 and Mitsui Mining and Smelting added Y6 at Y439.

Nippon Steel, the most active issue of the day, resisted selling by overseas investors and finished Y1 firmer at Y386.

Speculative buying supported Hoya, an optical and electronic equipment maker, which climbed Y50 to Y2,490. Kayaba Industry, an auto parts maker, rose Y21 to Y663.

In Osaka, the OSE average moved up 34.75 to 21,444.03 in volume of 70.9m shares.

Roundup

Tuesday's US interest rates rise was still having some effect on the region.

HONG KONG was led down by interest rate-sensitive property stocks. The Hang Seng index declined 73.96 or 0.8 per cent to 9,518.28. Turnover decreased to HK$2.8bn from Wednesday's HK$3.6bn.

Among property issues, Cheung Kong dropped 70 cents to HK$37.20, Sun Hung Kai Properties 50 cents to HK$57.75 and New World Development 40 cents to HK$25.20.

Local retail interest rates were expected to rise after today's meeting of the Association of Banks.

SINGAPORE saw institutional interest in leading blue chips, and the Straits Times Industrial index put on 11.47 at 2,357.97. Brokers said a 50 basis-point increase in interest rates by the United Overseas Bank was largely discounted.

SEOUL was supported by a late spurt of institutional buying. The composite index added a net 1.88 at 1,120.63, having rallied from a day's low of 1,115.39.

Citizens National Bank went limit up, gaining Won1,000 at Won24,000, while Shinhan Bank set a record volume with 853,880 shares traded, and moved forward Won500 to Won24,100.

TAIPEI was easier as turnover dwindled amid continued nervousness regarding the outcome of next month's elections. The weighted index slipped 46.90 to 6,297.88 as turnover dropped to T$19.5bn, the lowest level since T$19.0bn on October 21, 1993.

Stocks linked to the Hualon group, which had risen in recent sessions, retreated on profit-taking: Hualon Preferred receded T$2.40 or 4.9 per cent to T$46.60.

MANILA made a modest gain of 2.65 in the composite index to 2,904.100, largely on a rebound in PLDT shares of 2.7 per cent, spurred by its $1 rise in New York overnight. The mining sector shed 43.6 to 5,250.9 on profit-taking.

KUALA LUMPUR extended its losses as profit-taking wiped out most of the gains made earlier in the week. The composite index dipped 10.67 or 1 per cent to 1,052.48. Volume was a thin 102m shares.

Granite Industries dominated activity, tumbling M$1.30 to M$6.40 in volume of 15m shares. Granite said it planned to acquire timber and hotel assets which would result in a reverse takeover of the company by Malaysian businessman Ting Pek Khiing.

SYDNEY ended sharply lower on continued bearishness over rising bond yields. The All Ordinaries index fell 17.9 to 1,922.4 in turnover of A$550m. BHP finished 8 cents down at A$18.96. NAB dropped 32 cents to A$10.36 in spite of a bigger than expected rise in the final dividend.

WELLINGTON closed higher, but was off its best level for the day. The NZSE-40 capital index gained 10.18 at 2,048.21, after touching 2,054.99.

Telecom put on 5 cents at NZ$5.44 ahead of going ex-dividend on Monday.

This announcement appears as a matter of record only.

October 1994

unibail

FF 3,000,000,000

Real Estate Advisory and Structured Acquisition

The undersigned initiated this transaction and acted as exclusive financial advisors in Unibail's acquisition of fourteen retailing centres and a portfolio of office and residential properties throughout Paris and France.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY NOVEMBER 16 1994								TUESDAY NOVEMBER 15 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	166.47	–0.6	157.06	103.52	134.23	147.44	–0.2	3.87	167.40	156.83	103.94	134.50	147.79	189.15	149.38	155.50
Austria (16)	178.35	0.0	168.28	110.91	143.61	143.82	0.4	1.12	178.27	167.01	110.69	143.23	143.20	198.89	167.46	173.81
Belgium (35)	167.02	–0.2	157.59	103.86	134.67	131.47	0.2	4.20	167.33	156.75	103.83	134.44	131.22	177.04	151.58	151.58
Brazil (28)	188.35	1.2	177.71	117.13	151.66	288.11	0.8	0.72	186.20	174.44	115.61	149.60	285.84	–	–	–
Canada (103)	131.15	0.1	123.75	81.56	105.76	129.53	0.2	2.63	130.98	122.71	81.33	105.24	129.25	145.31	120.54	133.77
Denmark (33)	249.93	0.2	235.81	155.42	201.53	206.16	0.6	1.44	249.34	233.59	154.81	200.32	204.88	275.79	230.27	235.56
Finland (24)	192.65	0.1	181.77	119.80	155.34	191.22	0.8	0.74	192.44	180.29	119.48	154.61	189.70	201.41	116.85	121.55
France (101)	169.94	–0.5	160.34	105.68	137.03	141.99	–0.2	3.05	170.76	159.98	106.02	137.20	142.25	185.37	159.34	163.54
Germany (59)	143.46	–0.4	135.36	89.22	115.68	115.68	0.0	1.79	143.98	134.89	89.40	115.68	115.68	150.40	128.37	132.48
Hong Kong (56)	388.02	0.1	366.11	241.30	312.89	385.05	0.1	3.11	387.69	363.21	240.71	311.49	384.67	506.56	341.29	393.99
Ireland (14)	204.77	2.2	193.21	127.35	165.12	186.80	2.8	3.42	200.40	187.75	124.43	161.02	181.77	216.60	172.05	175.46
Italy (59)	77.45	–0.7	73.08	48.17	62.46	91.89	–0.4	1.71	77.99	73.06	48.42	62.66	92.28	97.78	57.88	61.20
Japan (468)	155.68	–0.4	146.88	96.81	125.53	96.81	–0.2	0.79	156.28	146.41	97.03	125.57	97.03	170.10	124.54	146.95
Malaysia (97)	528.97	–1.2	499.10	328.96	426.54	522.45	–1.1	1.60	535.30	501.50	332.37	430.09	528.50	621.63	430.71	467.78
Mexico (18)	2047.61	2.2	1931.95	1273.35	1651.07	7724.80	2.1	1.32	2004.26	1877.68	1244.43	1610.29	7561.94	2647.08	1696.28	1900.17
Netherland (19)	214.22	–0.5	202.12	133.22	172.74	170.07	–0.1	3.40	215.21	201.62	133.63	172.91	170.20	223.30	187.01	189.85
New Zealand (14)	74.00	–0.4	69.82	46.02	59.67	63.41	–0.3	4.59	74.30	69.61	46.13	59.69	63.59	77.59	59.22	59.22
Norway (23)	195.13	–0.5	184.11	121.35	157.34	179.76	–0.2	1.84	196.19	183.80	121.81	157.62	180.12	211.74	165.52	176.85
Singapore (44)	394.36	0.2	372.09	245.24	318.00	267.60	0.2	1.58	393.62	368.77	244.40	316.26	267.01	401.38	294.65	309.94
South Africa (59)	334.50	–0.3	315.60	208.01	269.72	302.31	0.5	2.12	335.36	314.17	208.22	269.43	300.89	342.00	205.55	223.52
Spain (38)	141.56	–1.3	133.56	88.03	114.15	138.49	–0.8	4.21	143.37	134.31	89.01	115.18	139.65	155.79	128.88	138.03
Sweden (36)	242.57	0.6	228.88	150.85	195.60	264.08	1.0	1.51	241.20	225.97	149.76	193.79	261.39	242.68	175.83	195.33
Switzerland (47)	163.98	0.4	154.72	101.98	132.22	132.65	0.8	1.83	163.33	153.01	101.41	131.22	131.58	176.56	146.04	146.16
Thailand (46)	176.27	–0.2	166.31	109.62	142.14	171.22	–0.2	2.04	176.61	165.45	109.65	141.89	171.50	–	–	–
United Kingdom (204)	200.89	–0.3	189.54	124.93	161.99	189.54	0.4	4.05	201.56	188.83	125.15	161.95	188.83	214.96	181.11	186.43
USA (515)	190.29	0.1	179.54	118.33	153.44	190.29	0.1	2.88	190.17	178.16	118.07	152.79	190.17	196.04	178.95	190.16
Americas (654)	177.89	0.1	167.94	110.69	143.52	147.93	0.1	2.80	177.77	166.54	110.38	142.83	147.74	–	–	–
Europe (707)	172.47	–0.3	162.73	107.25	139.07	153.12	0.2	3.06	172.98	162.05	107.40	138.97	152.81	178.58	154.79	157.38
Nordic (115)	230.26	0.3	217.25	143.19	185.67	214.52	0.8	1.38	229.45	214.96	142.47	184.35	212.76	239.91	173.19	186.22
Pacific Basin (793)	165.40	–0.4	156.06	102.86	133.37	107.58	–0.2	1.14	166.03	155.55	103.09	133.40	107.83	176.86	134.79	155.79
Euro-Pacific (1500)	168.26	–0.3	158.76	104.64	135.68	125.53	–0.1	1.97	168.84	158.18	104.83	135.65	125.58	175.14	143.88	156.34
North America (618)	186.62	0.1	176.08	116.05	150.48	186.12	0.1	2.87	186.50	174.72	115.79	149.84	185.99	192.73	175.67	186.86
Europe Ex. UK (503)	153.58	–0.3	144.91	95.51	123.84	131.83	0.1	2.46	154.00	144.27	95.62	123.73	131.69	158.12	135.94	138.67
Pacific Ex. Japan (325)	258.95	–0.3	244.33	161.04	208.81	229.22	–0.2	2.84	259.87	243.46	161.35	208.90	229.79	296.21	232.54	241.00
World Ex. US (1708)	170.18	–0.3	160.57	105.83	137.23	129.28	0.0	1.97	170.67	159.90	105.97	137.13	129.27	176.65	145.68	157.45
World Ex. UK (2019)	173.39	–0.1	163.60	107.83	139.81	143.92	0.0	2.10	173.65	162.68	107.82	139.51	143.94	178.59	155.96	165.51
World Ex. Japan (1755)	188.37	–0.1	177.73	117.14	151.89	178.49	0.1	2.86	188.51	176.60	117.04	151.45	178.26	195.20	176.34	179.97
The World Index (2223)	175.81	–0.2	165.88	109.33	141.77	148.01	0.0	2.29	176.10	164.98	109.34	141.49	147.97	180.80	158.85	167.36

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Constituent change 17/11/94: Name change: Crowns to Extendicare (Canada). Latest prices were unavailable for this edition. Market closed 16/11/94: Germany.

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